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NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

Government and Administration

Prorogation and Opening of Parliament

REVIEW OF LAST SESSION

The Queen's speech on the prorogation of Parliament, summarising the work of the session, was delivered to both Houses of Parliament by the Lord Chancellor on 22 October.

The text of the speech,[1] with references to *Survey of Current Affairs* coverage in brackets, is as follows:

My Lords and Members of the House of Commons

The Duke of Edinburgh and I were pleased to receive the state visits of His Excellency the President of the Republic of Poland and Mrs Walesa in April and His Excellency the President of the Arab Republic of Egypt and Mrs Mubarak in July.

We recall with pleasure our state visit to the United States of America in June. We remember with satisfaction our state visits to Namibia and Zimbabwe in October, where I was also present on the occasion of the Commonwealth Heads of Government Meeting.

My Government played a full and vigorous part in the action taken by the United Nations and the international community to eject Iraqi forces from Kuwait and to restore that country's independence and legitimate government, and in setting up a compensation fund for those who suffered following Iraq's invasion [see pp 93-7]. *They responded rapidly to the Iraqi Government's persecution of their own people* [see pp 182-3]. *They have made it clear that Iraq cannot resume its place in the international community while the present government remain in power.*

My Government have continued to make a substantial contribution to the North Atlantic Treaty Organisation [see pp 250-2], *and otherwise to maintain provision for national defence commitments. They have welcomed improvements in the security situation in Europe and are participating fully in adapting the alliance, including the development of a stronger European defence identity in the Western European Union. They have announced proposals to restructure Britain's defences to reflect changing international circumstances.* [see pp 256-61].

My Government hosted the successful Economic Summit in July [see pp 305-10] *and the subsequent historic meeting between summit leaders and President Gorbachev of the Soviet Union. Following the Summit, my Government vigorously denounced the attempted coup in the Soviet Union and supported President Yeltsin's courageous stand against it* [see pp 332-6]. *They have been working actively to encourage the integration of the Soviet Union and its republics into the international economy. My Government welcomed warmly the return to independence of Estonia, Latvia and Lithuania.*

My Government have continued to work for balanced and verifiable arms control agreements [see pp 262-3]. *They played an important part in concluding the Treaty on Conventional Armed Forces in Europe and in the Third Review Conference of the Biological and Toxic Weapons Convention* [see pp 419-20, 1990].

My Government have played a full part in the development of the Conference on Security and Co-operation in Europe [see pp 417-20, 1990, and pp 261-2 and 360-2]. *They have worked actively for new mechanisms for maintaining stability in Europe.*

[1] *Hansard*, Vol 531, No 137, cols 1482-6.

My Government have continued to work towards the single European market. They have participated fully in negotiations in the intergovernmental conferences on political union and economic and monetary union [see pp 252-6]. *They have supported the development of the Community's relations with other European nations* [see p 400]. *They have, with our European partners, concluded joint declarations with the United States, Canada and Japan and economic and financial agreements with Asia, Latin American and the Mediterranean non-member countries.*

My Government welcomed the inaugural meeting of the European Bank for Reconstruction and Development in London in April [see pp 183-5]. *They have continued their active support for democratic change in Eastern Europe.*

My Government's commitment to strengthening the United Nations was reflected in the political declaration issued by the London Economic Summit [see pp 308-9].

My Government have maintained a substantial and effective overseas aid programme to assist developing countries [see pp 409-13].

My Government welcomed progress towards democratic government in Africa and towards the end of apartheid in South Africa [see pp 179-81]. *They have worked strenuously for the prosperity and stability of Hong Kong. They have welcomed the continuing progress in Latin America towards democracy and market economies.*

My Government have continued their sustained efforts to combat terrorism in the United Kingdom and elsewhere [see pp 89-91]. *They welcomed the recent release of hostages from Lebanon and have maintained their efforts to obtain the release of all remaining hostages in the Middle East* [see pp 302-4].

My Government ratified the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances and have played a full part in establishing the United Nations International Drugs Control Programme. They concluded agreements to confiscate drug traffickers' funds with seven governments [see pp 223-6].

My Government welcomed the agreement of the consultative parties to an environmental protocol to the Antarctic Treaty [see p 426].

Members of the House of Commons

I thank you for the provision which you have made for the honour and dignity of the Crown and for the public service [see p 269].

My Lords and Members of the House of Commons

My Government have pursued firm financial policies which have reduced inflation sharply and laid the foundations for the resumption of sustained growth. The pound sterling has remained well within its band in the exchange rate mechanism [see p 418].

My Government have further reduced the rate of corporation tax and made a number of changes to the tax system to benefit businesses [see pp 145-52]. *They have introduced additional measures to help unemployed people return to work* [see pp 275-6].

As part of my Government's privatisation programme the electricity supply industry in Great Britain has been restructured and shares in the companies sold [see pp 24-8, 153-5 and 279-81].

The Citizen's Charter White Paper set out my Government's policies for improving the quality of public services through increased choice, better value for money and stronger accountability [see pp 293-300].

Legislation has been enacted to establish a School Teachers' Review Body for England and Wales [see pp 205-6].

My Government have implemented reforms of the National Health Service and announced strategies for improving health [see p 46]. *They have implemented the Children Act.*

An Act has been passed to improve the town and country planning system and the arrangements for compensation for compulsory purchase [see pp 162-4].

My Government have continued to work for the regeneration of our cities. New competitive funding initiatives have been introduced to improve the quality of regeneration in priority areas [see pp 320-1] *and the renovation and management of local authority housing in England and Wales.*

An Act has been passed to give the courts jurisdiction to try certain war crimes of the Second World War [see p 178].

Legislation has been enacted to improve the administration of criminal justice and the treatment of offenders in England and Wales [see p 293].

An Act has been passed to strengthen the law on dangerous dogs [see p 285].

Legislation has been enacted to provide new benefits for disabled people [see pp 436-7, 1990] *and*

to strengthen parental responsibility for children by improving the assessment, collection and enforcement of maintenance [see p 286].

An Act has been passed to improve the arrangements governing coal mining subsidence [see pp 78-9].

Legislation has been enacted to encourage private financing of roads and better co-ordination of streetworks [see pp 157-8], *to improve road traffic law and management* [see pp 28-30] *and to enable trust ports to become publicly-owned companies* [see pp 74-6].

Legislation has been enacted to enable contractor operation of the Atomic Weapons Establishment and to provide for the sale of the British Technology Group [see pp 112-13].

An Act has been passed to update the powers of the Export Credits Guarantee Department and to facilitate the sale of the insurance services business [see pp 68-70 and 282].

In Northern Ireland my Government's efforts to combat terrorism have continued. An Act has been passed to reform anti-terrorist legislation [see p 91]. *My Government have continued to encourage political progress by promoting collective talks with the main constitutional Northern Ireland parties* [see p 248]. *They have maintained a constructive relationship with the Republic of Ireland under the Anglo-Irish Agreement.*

For Scotland, legislation has provided for a Natural Heritage Agency to secure an integrated approach to conservation and countryside matters [see pp 117-18].

PROGRAMME FOR THE NEW SESSION

The Queen's speech on the opening of the new session of Parliament – the fifth session of Britain's fiftieth Parliament – was delivered in the House of Lords on 31 October to members of both Houses.

The text of the speech,[1] which outlines the Government's policies for the coming session, is as follows:

International Affairs

My Lords and Members of the House of Commons

I look forward to visiting Australia in February, the European Parliament and the Council of Europe in Strasbourg and Malta next May, France in June and Germany in October.

My Government attach the highest importance to maintaining our security. For nearly half a century NATO [North Atlantic Treaty Organisation] *has formed the cornerstone of our defences. It will continue to be the principal focus, but the dissolution of the Warsaw Pact and the other welcome developments in the Soviet Union and Eastern Europe permit changes to NATO's strategy and will enable us to maintain our security with smaller forces. Nevertheless, instability and other risks remain in Europe and elsewhere, and substantial and effective nuclear and conventional forces will be maintained.*

The United Kingdom will work for balanced and verifiable arms control agreements including early ratification of the Conventional Armed Forces in Europe Treaty. Efforts will continue to control the proliferation of weapons of mass destruction and to encourage greater international responsibility in the transfer of conventional weapons. The completion of multilateral negotiations on the abolition of chemical weapons will be pursued [see pp 257-9 and 262-3].

My Government will require full, unconditional compliance by Iraq with the United Nations Security Council Resolutions, including the disposal of its missiles and weapons of mass destruction. They will press for long-term peace in the Middle East, including a settlement of the Palestinian problem. They will continue their efforts to secure the release of hostages in the Middle East [see pp 302-4 and 365].

They will continue to work for a stronger, more effective United Nations.

My Government will, with our Community partners, pursue the successful conclusion of the Uruguay Round of multilateral trade negotiations [see p 282]. *Within the Community, they will continue to play a constructive role in the two Inter-Governmental Conferences on Political Union and Economic and Monetary Union* [see p 420]*; and will work to complete the Single European Market, to promote budgetary discipline, and to reform the Common Agricultural Policy* [see pp 70-1]. *They will prepare for the United Kingdom's Presidency of the Community beginning on 1st July 1992.*

The United Kingdom will continue to develop our good relations with the Soviet Union and its republics, and to encourage their integration into the world economy; and will work to help Estonia,

[1] *Hansard*, Vol 198, No 1, cols 5-7.

Latvia and Lithuania re-establish themselves in the international community [see p 400].

My Government will further encourage the development of democratic institutions and market economies in central and eastern Europe; and pursue the completion of Association Agreements with Hungary, Poland and Czechoslovakia. They hope for a peaceful settlement in Yugoslavia [see pp 264-5, 304, 337-8, 362-3 and 399-400]. *They will contribute constructively to the Helsinki Conference on Security and Co-operation in Europe.*

My Government will encourage all sides in South Africa to pursue peaceful means of constructing a democratic non-racial society [see p 399].

A substantial aid programme aimed at promoting sustainable economic and social progress and good government in developing countries will be maintained [see p 409].

My Government will continue to support the Commonwealth [see p 402].

My Government will continue to administer Hong Kong in the interests of its people and to co-operate in implementing the Sino-British Joint Declaration.

My Government will continue their fight against terrorism in the United Kingdom and elsewhere. They will vigorously pursue their policies to combat drug trafficking and misuse of drugs, nationally and internationally [see pp 223-6].

The United Kingdom will work for a successful United Nations Conference on Environment and Development next June.

Domestic Affairs

Members of the House of Commons

Estimates for the Public Service will be laid before you.

My Lords and Members of the House of Commons

My Government will pursue, within the framework of the Exchange Rate Mechanism, firm financial policies designed to reduce inflation further and maintain the conditions necessary for sustained growth. They will promote enterprise and training and improve the working of the economy. They will continue to prepare for the privatisation of the British Railways Board and the British Coal Corporation.

They will maintain firm control of public spending with the aim of keeping its share of national income on a downward trend over time [see pp 145-52 and 414].

My Government attach the highest priority to improving public services. They will implement the programme of reform in the White Paper on the Citizen's Charter, including bringing forward Charters for individual public services.

Legislation will be introduced to reinforce the regulation of privatised utilities.

Legislation will be introduced to provide for a new council tax, to establish a review of local government structure in England [see pp 173-5] *and to enhance competitive tendering for local authority services* [see pp 315-16].

Action will be taken to improve quality and choice in education [see pp 226-32 and 386-7]. *Legislation will be introduced to reform funding of further education and sixth form colleges and to reform higher education in England and Wales, and to make information available about the performance of individual schools.*

My Government will continue to develop policies to enhance the nation's health and to improve the effectiveness of the health and social services, and the social security system.

Work for the regeneration of our cities will continue.

A Bill will be introduced to enable applications for asylum in the United Kingdom to be dealt with quickly and effectively.

A Bill will be presented to create an offence of prison mutiny and to increase the maximum penalty for aiding prisoners to escape.

Legislation will be introduced to revise health and safety arrangements for offshore installations [see pp 430-2, 1990].

A Bill will be introduced to replace private legislation as the means for authorising transport development schemes.

A Bill will be introduced to provide for a Cardiff Bay Barrage.

For Scotland, legislation will be introduced to reform further and higher education [see pp 226-32].

In Northern Ireland, my Government will resolutely seek to defeat terrorism through the even-handed and energetic enforcement of the law; to promote political progress; to strengthen the economy; and to create equality of opportunity and equity of treatment for all sections of the community. They will maintain positive relations with the Republic of Ireland.

Legislation will be introduced to improve the supervision of charities.

Other measures will be laid before you.

My Lords and Members of the House of Commons

I pray that the blessing of Almighty God may rest upon your counsels.

Recent Legislation

The public Acts of Parliament passed since August 1991 are listed below.

British Technology Group Act 1991 (see pp112-13). Royal Assent: 22.10.91. Ch 66. HMSO, £3·55. ISBN 0 10 546691 3.

Export and Investment Guarantees Act 1991 (see pp 68-70). Royal Assent: 22.10.91. Ch 67. HMSO, £2·65. ISBN 0 10 546791 X.

By-elections and State of the Parties

Details of the results of three recent by-elections and the present state of the parties in the House of Commons are given below.

In the by-elections on 7 November, Labour retained the seat at Hemsworth and gained the seat at Langbaurgh; the Liberal Democrats won the seat at Kincardine and Deeside.

At Hemsworth the Labour candidate, Mr Derek Enright, won by a majority of 11,087; at Langbaurgh the Labour candidate, Dr Ashok Kumar, won by a majority of 1,975; and at Kincardine and Deeside the Liberal Democrat candidate, Mr Nicol Stephen, won by a majority of 7,824. The by-elections were caused by the death in August of the Rt Hon Alick Buchanan-Smith, Conservative MP for Kincardine and Deeside, and the deaths in September of Mr George Buckley, Labour MP for Hemsworth, and Mr Richard Holt, Conservative MP for Langbaurgh.

The results of the by-elections were:

Hemsworth

D. Enright (Labour)	15,895
V. Megson (Liberal Democrat)	4,808
G. Harrison (Conservative)	2,512

Two other candidates lost their deposits. Votes were cast by 42·8 per cent of the electorate.

At the general election in June 1987 (see p187, 1987), the seat was held by the Labour Party, with Mr George Buckley polling 27,859 votes, followed by the Conservative candidate with 7,159 and the Alliance candidate with 6,568. Votes were cast by 75·7 per cent of the electorate.

Kincardine and Deeside

N. Stephen (Liberal Democrat)	20,779
M. Humphrey (Conservative)	12,955
A. Macartney (Scottish National Party)	4,705
M. Savidge (Labour)	3,271

One other candidate lost his deposit. Votes were cast by 67 per cent of the electorate.

At the general election in June 1987, the seat was held by the Conservative Party, with Mr Alick Buchanan-Smith polling 19,438 votes, followed by Mr Stephen, the Alliance candidate, with 17,375 votes, the Labour candidate with 7,624, and the Scottish National Party candidate with 3,082. Votes were cast by 75·2 per cent of the electorate.

Langbaurgh

A. Kumar (Labour)	22,442
M. Bates (Conservative)	20,467
P. Allen (Liberal Democrat)	8,421

Four other candidates lost their deposits. Votes were cast by 65·7 per cent of the electorate.

At the general election in June 1987, the seat was held by the Conservative Party, with Mr Richard Holt polling 26,047 votes, followed by the Labour candidate with 23,959, and the Alliance candidate with 12,405. Votes were cast by 78·8 per cent of the electorate.

State of the Parties

Following the by-elections, the state of the parties in the House of Commons is:

Conservative	367
Labour	229
Liberal Democrats	22
Social Democrats	3
Scottish National	5
Plaid Cymru (Welsh Nationalist)	3

Ulster Unionist (Northern Ireland)	9
Democratic Unionist (Northern Ireland)	3
Social Democratic and Labour (Northern Ireland)	3
Ulster Popular Unionist (Northern Ireland)	1
Sinn Fein (Northern Ireland)	1
TOTAL	646

The four remaining seats are held by the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means), who do not vote except in their official capacity in the event of a tie. The government majority over all other parties is 88 although the Sinn Fein MP has not taken his seat.

External Affairs and Defence

Foreign Policy

In the course of a parliamentary debate on 1 November, the Foreign and Commonwealth Secretary, Mr Douglas Hurd, reviewed aspects of Britain's foreign policy.

FOREIGN AND COMMONWEALTH SECRETARY'S STATEMENT

Recognising that ideology was no longer the main source of division and potential conflict in the world, Mr Hurd told the House of Commons (*Hansard*, Vol 198, No 2, cols 118-30) that British foreign policy should seek to:

1 help resolve conflicts and contain the force of nationalism;

2 help countries emerging from dictatorship towards democracy and better government, while maintaining the protection and promotion of British interests; and

3 '... improve, update and strengthen the international institutions to which we belong and which are crucial in those first two tasks'.

Middle East

Mr Hurd considered that 'a strong and sustained effort' by the United States, backed by the European Community, was the only means to achieve an Arab-Israeli dialogue, and he welcomed the opening of the Middle East peace conference in Madrid.[1]

He continued: 'There is a possibility for Israel to find a way to dwell in peace within secure borders and for the Arabs to correct and see corrected the injustices from which they have suffered. I am thinking particularly of the Palestinians. All of us must make an effort to do what we can to bring about the success of the conference.'

South Africa

Mr Hurd acknowledged that the legal pillars of apartheid had been abolished and that leaders in South Africa were 'on the edge of crucial constitutional talks'. However, violence in the black townships was continuing. Believing that part of the solution to the violence was effective and professional policing, Mr Hurd said that representatives of the South African Government and opposition groups had been invited to visit Britain and study the experience of community policing.

Commenting on the Commonwealth heads of Government meeting in Harare, Mr Hurd noted that the discussions on South Africa had been 'measured and good tempered'. Dissent had focused on the pace of dismantling sanctions rather than the principle (see p 404).

Britain believed that foreign investment in South Africa should be authorised now rather than later. Mr Hurd explained: 'There is a time lag between when people in a boardroom say that they will invest in South Africa and when there are jobs, skills and opportunities for blacks as a result.'

Yugoslavia

The Foreign and Commonwealth Secretary considered that, following the end of the cold war, the United States would increasingly

[1] The conference, co-sponsored by the United States and the Soviet Union (see pp 302-3), was inaugurated on 30 October. In addition to US, Soviet and European Community representation, the opening stages of the conference were attended by delegations from Israel, Syria, Egypt and Lebanon and by a joint Jordanian/Palestinian delegation.

look to regional or international organisations to settle regional disputes. Accordingly, 'the European Community has been expected to take the lead in international efforts to help find an answer to the problems in Yugoslavia' (see pp362-3).

Mr Hurd did not believe that peace could be imposed on the peoples and republics of Yugoslavia or that British soldiers should be launched into operations 'to which it would be hard to see a limit or an end .... However, we can and have sought to offer from outside other ways to peace.'

The European Community, he continued, had provided monitors to try to reinforce ceasefire agreements in Yugoslavia, although their efforts had been hampered 'because too many agreements had been signed and then not honoured'. The Community had also provided a framework, in the form of the conference chaired by Lord Carrington, in which the Yugoslav parties could talk (see p338).

'We are anxious to help on the humanitarian side, which is increasingly necessary.' He continued: 'We are contributing £250,000 for relief to the International Committee of the Red Cross and we are ready to step up co-operation with Yugoslavia and the republics on the economic side, once they become interested in economics.'

To encourage an end to the fighting and to promote effective negotiations, Mr Hurd proposed the build-up of pressure on Yugoslavia by the international community, adding that the European Community's trade and co-operation agreement with Yugoslavia should be suspended.[1]

He criticised the actions of the Yugoslav national army against the Croatians, particularly the siege of the city of Dubrovnik. Britain did not, however, consider that it was an appropriate time to recognise the expressed wish of Croatia, and of Slovenia, for independence. Mr Hurd said that recognition without effectively being able to guarantee protection was 'misleading'. He added: 'If one recognises at the wrong time and in the wrong way, there is a real danger that the other republics of Yugoslavia will be left in a state in which they will almost certainly explode.'

[1] On 8 November, European Community member states imposed trade sanctions against Yugoslavia, including suspension of the trade and co-operation agreement. They also urged the United Nations Security Council to strengthen the arms embargo (see p 363) and impose an oil embargo.

Soviet Union

The Foreign and Commonwealth Secretary said that there was no doubt that the failure of the old communist system had left the Soviet Union and the peoples of the republics in a 'disastrous state'. He continued: 'The House must face the possibility that the centre in Moscow will wither away ... because of the fierce assertion of sovereignty in different forms by one republic after another. The consequence is that we in Britain increasingly have to deal with the republics.'

Britain had recognised the independence of the three Baltic republics (in August 1991 – see p 335), never having accepted legally their assimilation into the Soviet Union in 1940. Mr Hurd said that the other Soviet republics were in a different category. He cautioned that they would not be easily accepted into the international community if they repudiated the responsibilities of the Soviet Union, particularly in such areas as debt, disarmament and arms control agreements.

Mr Hurd noted Britain's responsibility, as current chairman of the Group of Seven (see pp 305-10), for co-ordinating the response of the West to the needs of the Soviet Union, in terms of food aid and technical assistance. The Government was mobilising that response within the European Community, and with Japan, Canada and the United States.

Eastern Europe

Mr Hurd reiterated the need to conclude the association agreements being negotiated between the European Community and Hungary, Poland and Czechoslovakia in time for the beginning of 1992.

European Union

The British Government sought to build on the increased co-operation in recent years between European Community foreign ministers, and supported the idea of a common foreign and security policy, although not on all matters. Mr Hurd considered that 'this co-operation works best and is strongest if it is

the result of agreement', and he therefore rejected the proposed adoption of qualified majority voting on substantive foreign policy decisions.

Britain did not believe that the Community should resolve itself into 'a defence Community'. The Government favoured the strengthening of the Western European Union (WEU – see pp 256-7), as proposed in a joint British-Italian declaration.[1]

Mr Hurd welcomed the agreement between the Community and the countries of the European Free Trade Association (EFTA) to form the new European Economic Area (see pp 406-7).

General Agreement on Tariffs and Trade

Commenting on the Uruguay Round of the General Agreement on Tariffs and Trade (GATT – see p 282), Mr Hurd warned that the failure of the talks would threaten impoverishment in both the developed and developing worlds. A successful conclusion to the negotiations would renew confidence in 'a world trading system that, on the whole, has functioned pretty well since the end of the second world war and would bring trade in services and agriculture fully into GATT'.

North Atlantic Treaty Organisation

Although Britain believed that Europe should make proportionately a greater contribution to its own defence, Mr Hurd made clear that 'it is neither wise nor safe to make or suggest arrangements within the European Twelve which duplicate or undermine NATO [North Atlantic Treaty Organisation]'. He continued: 'The existence of NATO and the presence of United States and Canadian forces in Europe – albeit at a reduced level – which comes with it is not a luxury. History tells us that it is crucial for the security and safety of Europe.'

Mr Hurd maintained that although the Warsaw Pact had been dissolved, Europe was vulnerable to 'all kinds of uncertainties and instabilities', which was why Britain and its allies were undertaking a 'cautious and prudent reassessment' of their defence needs (see pp 256-61).

The principles behind the British-Italian declaration were 'that any reference to a European defence identity or a European defence policy needs to be married absolutely to the Atlantic Alliance, that the security of Western Europe rests on that alliance and that we should not regard it as something temporary or superfluous with which we can dispense'.

Other Issues

Mr Hurd noted Britain's two initiatives in the United Nations on disaster relief coordination and an international register of arms transfers (see p 358) and he welcomed the agreements for a political settlement in Cambodia (see pp 407-8).

Commenting on Britain's agreement with Vietnam about the repatriation of Vietnamese people in camps in Hong Kong (see p 408), Mr Hurd said that the Government had to distinguish between refugees as defined by the United Nations and those who were simply seeking a better life elsewhere. Hong Kong had acted honourably in being a country of first asylum but could not continue to carry such a burden. Mr Hurd hoped that the agreement would 'send a clear message to those who might think of setting sail that there is no future for them in Hong Kong unless they are genuine refugees'.

The declaration that emerged from the Commonwealth heads of Government meeting in Harare (see p 403) was welcomed by Mr Hurd as an endorsement of the principles of democracy and good government. Britain was entitled to talk about good government, the importance of dealing with corruption and getting better administration. 'But we must find ways to do so that are not patronising and do not suggest either that we have got everything right ourselves or that there is a Westminster model that can be imposed willy-nilly on people with different backgrounds and cultures.'

[1] The British-Italian declaration on European security and defence was issued on 4 October. It endorsed the special relationship between Western Europe and North America, expressed through NATO, as essential to the common defence of Europe. It said that the WEU should be the vehicle for developing a more coherent European defence identity in ways compatible with the Atlantic Alliance. The declaration also proposed that the WEU should develop a European reaction force, capable of responding flexibly in a range of possible circumstances outside the NATO area.

OPPOSITION VIEWS

Replying for the official Opposition (*Hansard*, Vol 198, No 2, cols 130-40), Mr Gerald Kaufman said that he hoped the Middle East conference would bring peace to the region, self-determination for the Palestinians and security for the state of Israel. Regarding Yugoslavia, he proposed the imposition by the United Nations of comprehensive sanctions, including an oil embargo, to supplement the arms ban.

Commenting on European Community developments, Mr Kaufman favoured majority voting in the Council of Ministers on social and environmental issues, and an expansion of the powers of the European Parliament, but opposed a defence role for the Community. He advocated the expansion of the Community through:

– the immediate acceptance of the Austrian and Swedish applications for EC membership:

– the subsequent membership of the other EFTA countries; and

– accession of the former communist countries of Eastern and Central Europe as they became ready for membership.

Mr Kaufman proposed that Britain, through the Group of Seven, should aid the reconstruction of the Soviet Union and other former communist countries, mainly through the provision of investments and credits and by helping to attain stable and convertible currencies.

International action was needed to solve the debt problem, and he considered it unacceptable that the World Bank collected more in interest and capital payments from the developing countries than it disbursed in new loans and assistance.

Mr Kaufman called for an international convention to control and limit arms exports, particularly to countries with policies of internal repression and records of external aggression. Welcoming the Soviet and United States initiatives for reducing stocks of long-range nuclear weapons (see pp 358-60), he advocated Britain's participation in the next round of nuclear disarmament negotiations as a partner with the United States. He also favoured a comprehensive nuclear test ban treaty.

Speaking for the Liberal Democrats, Sir Russell Johnston said that it would be the task of the United States, in co-operation with the European Community, to find a means whereby peace in the Middle East could be achieved. He considered that Britain should press for an acceleration of disarmament talks with the Soviet Union and should help in the provision of economic and food aid.

He stressed the importance of giving support to the move to democracy in Hong Kong and he argued that the United Nations should become more interventionist. Regarding Yugoslavia, Sir Russell accused Serbia of waging an aggressive war against the Croatians.

On European Community developments, he expressed his support for:

– a common currency in a single market;

– a central bank;

– full decision making between the European Parliament and the Council of Ministers;

– a committee of the regions of Europe, including Scotland and Wales; and

– majority voting.

Commonwealth Heads of Government Meeting

Democracy and human rights, South Africa, the world economy and debt relief were among the main topics discussed by Commonwealth heads of Government at their meeting in Harare, Zimbabwe, between 16 and 22 October.

PRIME MINISTER'S SPEECH

Addressing the meeting on 16 October, the Prime Minister, Mr John Major, said that Commonwealth principles were based on the values of democracy and the rule of law, which were indispensable to a civilised society. Recent events in Eastern Europe and the Soviet Union had proved that government by

centrally controlled ideology was unfair, inefficient and ultimately unacceptable. Mr Major added: 'The Commonwealth is well placed to catch the tidal wave of human rights and democracy which is sweeping across much of the world. We can ride that wave or be carried along by it, but we cannot ignore it.'

Human Rights

The general application of democracy and human rights, Mr Major stressed, was the basis for good government and economic prosperity. Although each society would strike its own balance between individual rights and the responsibilities of the state, recent history had shown that the stifling of individual rights led to discontent, economic failure and ultimately collapse. 'We must all meet basic standards in human and democratic rights', he said.

South Africa

Turning to the issue of South Africa, Mr Major pointed out that the burden resting on the leaders of all sections of the community was a heavy one. The core issue was the drafting of a constitution for majority rule in a multi-party state. 'We can all play a part in helping South Africa to tackle the obstacles to agreement but only the South African parties themselves can make a new democratic constitution for their country.'

South Africa would need the help of the international community if it was to return to economic growth, which was essential for the stability of South Africa and the prosperity of all its people. Britain looked forward to the day when a non-racial South Africa might want to rejoin the Commonwealth. It also welcomed Namibia as a fellow member state (see pp131-2, 1990).

The Environment

Mr Major said that the Commonwealth could give a lead to the 1992 United Nations conference on environment and development by helping to promote the signature of effective framework conventions on climate change and biodiversity. 'All of us, developed and developing countries alike, have come to realise that the only solution is to work as one to safeguard the future of the one world that we all share.'

HARARE DECLARATION

Heads of Government signed the Harare Declaration stressing the need to protect and promote:

– democracy, the rule of law, just and honest government and the independence of the judiciary;

– fundamental human rights, including equal rights and opportunities for all citizens regardless of race, colour, creed or political belief;

– equality for women so that they can exercise their full and equal rights;

– provision of universal access to education; and

– continuing action to bring about the end of apartheid and the establishment of a free, democratic, non-racial and prosperous South Africa.

Economic and Social Development

Noting that several Commonwealth countries had made significant economic and social progress, the Declaration said that there was increasing recognition that commitment to market principles and openness to international trade and investment could improve living standards. Sound and sustainable development required a flow of public and private resources from the developed to the developing world. The Declaration therefore outlined the following principles:

– sound economic management recognising the central role of the market economy;

– effective population policies and programmes;

– the freest possible flow of multilateral trade on fair and equitable terms to all, taking account of the special requirements of developing countries;

– an adequate flow of resources from the developed to the developing countries, plus action to alleviate the debt burdens of developing countries most in need; and

– the development of human resources through education, training, health, culture,

sport and programmes for strengthening family and community support.

Commonwealth member states also favoured:

– extending the benefits of development within a framework of respect for human rights;

– the protection of the environment through respect for the principles of sustainable development;

– action to combat drug trafficking and abuse and communicable diseases;

– help for small Commonwealth states in tackling their economic and security problems; and

– support for the United Nations and other international institutions in the search for peace, disarmament and effective arms control.

The Declaration concluded: 'To give weight and effectiveness to our commitments we intend to focus and improve Commonwealth co-operation in these areas. This would include strengthening the capacity of the Commonwealth to respond to requests from members for assistance in entrenching the practices of democracy, accountable administration and the rule of law.'

THE MAIN COMMUNIQUE

Commonwealth member states also agreed the text of their communiqué covering the main world political and economic issues, particularly South Africa, debt relief and the environment.

South Africa

Welcoming recent changes in South Africa, the heads of Government urged all the parties to move as quickly as possible to constitutional negotiations. Although the terms of a constitutional settlement were for the people of South Africa to determine, the Commonwealth was ready to assist the negotiating process. The Secretary-General would therefore visit South Africa at the earliest possible opportunity to explore with the parties concerned ways in which the Commonwealth could assist in lending momentum to the negotiating process.

On sanctions, member states said that the United Nations arms embargo should remain in force until a post-apartheid South African government was firmly established, with full democratic control and accountability. Financial sanctions should be lifted when there was agreement on the text of a new democratic constitution, unless a contrary recommendation was made by agreement at the proposed All-Party Conference or by an interim government.

Other economic sanctions, including trade and investment measures, 'should be lifted when appropriate transitional mechanisms have been agreed which would enable all the parties to participate fully and effectively in negotiations'.

Heads of Government agreed to the immediate lifting of consular and visa restrictions, cultural and scientific boycotts and restrictions on tourism promotion. The ban on air links would be removed on condition that South African airlines proceeded with affirmative action programmes.

The communiqué recorded that the British Prime Minister had 'stressed the importance of foreign investment in restoring growth to the South African economy and the need for decisions now if the current economic decline was to be halted in time for the inauguration of South Africa's first majority government. It is for this reason that, while agreeing with the lifting of "people sanctions" and the maintenance of the arms embargo, he did not agree with the ... timescale for lifting economic and financial sanctions.'

Heads of Government agreed to assist in meeting the human resource development needs of post-apartheid South Africa, which could include a voluntary multilateral Commonwealth Programme for Human Resource Development in South Africa. They recommended that an immediate start should be made to support training and placements within South Africa as well as continuing training and placements outside South Africa.

Sporting Contacts

Heads of Government said that they were encouraged by recent considerable progress in the evolution of a unified and non-racial sports movement in South Africa. They

welcomed the decision of the International Olympic Committee to grant recognition to the National Olympic Committee of South Africa. They also agreed that restrictions in respect of a particular sport should be removed once certain criteria had been met. These were:

– the formal endorsement of the achievement of unity by the appropriate representative non-racial sporting organisation in South Africa;

– readmittance to the relevant international governing body; and

– agreement of the appropriate non-racial sporting organisation to resume international competition.

The World Economy

Reviewing the current world situation, heads of Government expressed satisfaction that anti-inflationary policies pursued by many industrialised countries were bearing results and that many developing countries were maintaining reform policies despite continuing difficult economic circumstances. They emphasised the importance of pursuing policies that strengthened the forces of recovery in the world economy.

The communiqué deplored the drift towards greater trade protection and the effect of trade barriers on developing countries. The loss to developing countries as a result of trade barriers more than outweighed the flow of aid money. Heads of Government therefore called for the multilateral liberalisation of world trade and enlarged access to world markets for developing countries to help them expand their exports. They stressed the importance of a successful, substantive and comprehensive outcome to the Uruguay Round, laying particular emphasis on achieving a marked reduction in trade barriers and other distortions in agricultural markets.

Heads of Government called for further debt relief, including cancellation, for developing countries and for increased aid and capital flows, as well as further measures in developing countries to attract such flows. A warm welcome was given to Britain's proposal to provide debt relief for low-income countries (see p 409). The British Prime Minister was praised for 'his leadership role in tackling the indebtedness problem of the poorest countries'. Noting Canada's decision to endorse the British initiative, heads of Government expressed the hope that other countries would follow their example.

Noting that indebtedness to multilateral financial institutions continued to be a particular problem for some countries, they also welcomed the British Prime Minister's offer to seek wider eligibility under the International Monetary Fund's Enhanced Structural Adjustment Facility to include more Commonwealth countries.

The Environment

Member states pledged themselves to work for a successful outcome of the 1992 United Nations Conference on Environment and Development. They favoured the conclusion there of an effective framework convention on climate change, a convention on biological diversity and a statement of principles on the management, conservation and sustainable development of all types of forest. They also attached importance to additional flows of financial resources and appropriate technologies to developing countries.

Other Issues

Heads of Government welcomed:

– the ending of the cold war and the resurgence of democratic ideals throughout the world; and

– the recent United States initiative, matched by the Soviet Union and Britain, on reduction of their nuclear arsenals (see pp 358-60).

They also called for the conclusion of a convention on chemical weapons in 1992 and endorsed in principle the British proposal to establish a register of arms transfers at the United Nations (see p 358).

In addition, heads of Government:

– expressed concern about the increasing menace of drug abuse and illicit trafficking;

– reaffirmed their strong condemnation of terrorism in all its forms;

– reiterated their support for the independence, sovereignty, territorial integrity, unity and non-aligned status of the Republic of Cyprus; and

– expressed the hope that the Madrid Middle East peace conference (see p 399) would lead to a just, comprehensive and lasting settlement.

DEBT RELIEF: BRITAIN'S PROPOSALS

On 17 October, Mr Major announced that Britain would in the near future implement the Trinidad Terms Initiative providing for enhanced debt relief for the poorest and most indebted countries.

At the Trinidad meeting of Commonwealth finance ministers in September 1990 Britain proposed that two-thirds of bilateral debt stock should be written off and payments on the remainder phased over 25 years. The need for prompt implementation of these proposals was agreed at the London economic summit in July 1991 (see p 307).

Mr Major said that there had been a disappointing lack of progress since the London summit and that Britain would not allow this initiative to fail. If agreement could not be reached in the very near future, Britain would implement Trinidad terms, since the needs of the poorest countries were acute. Eligibility for relief would be strictly conditional on satisfactory performance under a programme agreed with the International Monetary Fund.

European Economic Area

Member states of the European Community and the European Free Trade Association have reached agreement on the creation of a European Economic Area, which will come into effect at the beginning of 1993.

The Agreement

The political agreement between the states concerned was reached in Luxembourg on 21-22 October. The agreement means that European Community (EC) provisions on the free movement of goods, services, capital and people will be extended – most from January 1993 – to the seven member states of the European Free Trade Association (EFTA – Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland). This will create a market of over 375 million people and will account for some 40 per cent of world trade.

The main features of the agreement include:

– free movement of EC and EFTA products in the Economic Area;

– the liberalisation of trade in financial services, transport, telecommunications and audio visual services;

– the adoption by EFTA of EC competition rules on anti-trust matters, public procurement, mergers and state aid;

– mutual recognition of professional qualifications; and

– co-operation on the environment, research and development, consumer protection and social policy on the basis of EC actions.

EFTA will be able to maintain its current agricultural policies rather than join the EC's Common Agricultural Policy.

EFTA will set up its own surveillance body to ensure that EFTA countries comply with the agreement. The European Commission will continue to have this role for EC member states. An independent joint court will deal with disputes related to the Economic Area, together with all appeals on competition policy.

EFTA countries will be consulted on new EC (single market) legislation; the two sides will decide by consensus whether to extend new EC legislation to EFTA countries. The EC-EFTA treaty has to be approved by the European Parliament and ratified by EC and EFTA member states' parliaments.

The agreement will be reviewed every two years; the first review will take place at the end of 1993.

British View

Speaking on 25 October, the Foreign and Commonwealth Secretary, Mr Douglas Hurd, said that the EC link-up with EFTA would bring significant economic benefits to all concerned. It was a success for the British policy of championing an outward-looking Community. The British Government hoped

to see a number of new countries become full members of the EC by the middle of the 1990s. The European Economic Area would facilitate membership of those EFTA countries wishing to join.

Cambodia

Britain has welcomed the agreement on a political settlement of the conflict in Cambodia, signed in Paris on 23 October.

Background

In 1990, Britain and the other four permanent members of the United Nations Security Council proposed a comprehensive political settlement involving a central role for the United Nations (see pp 341-2, 1990). The UN framework was accepted by all Cambodian parties in September 1990, who also agreed to form a Supreme National Council (SNC).

Cambodian Peace Agreement

The settlement provides for:

– the establishment of the United Nations Transitional Authority in Cambodia (UNTAC);

– the establishment of a SNC;

– a formal ceasefire, supervised, monitored and verified by the UNTAC;

– the ending of outside military assistance;

– the regrouping, disarmament and demobilisation of the forces of all the Cambodian parties;

– free and fair elections, organised by the UNTAC, to elect a 120-member constituent assembly, which would draft and adopt a new constitution, based on a system of liberal democracy;

– comprehensive provisions to protect human rights before and after elections; and

– international guarantees of the sovereignty, independence, territorial integrity and inviolability, neutrality and national unity of Cambodia.

British Views

Speaking at the concluding session of the Paris Conference on Cambodia on 23 October, the British representative, Lord Caithness, Minister of State at the Foreign & Commonwealth Office, said that the agreement would 'restore to the comity of nations a small but much abused country'. The agreement promised the Cambodian people 'a future free from civil war, tyranny and the threat of genocide, free from foreign occupation and interference'. In addition, the treaty meant 'a new start not just for Cambodia but for Indo-China. If this example, of settling disputes peacefully through negotiation, spreads more widely in Asia, all of its people will benefit.'

Principles

Lord Caithness said that only a comprehensive settlement would be durable and that the Cambodian people themselves had the right to decide the future of their country through self-determination and free and fair elections. These alone could justify the large-scale UN involvement in Cambodia's affairs during the transitional period. 'No impediment to free and fair elections [and] no attempt to subvert the election process will be acceptable to the world community', he emphasised. It was also important that the Cambodian parties had agreed that Cambodia would be a liberal, multi-party democracy.

Special measures were needed to ensure that there would be no recurrence of the atrocities committed between 1975 and 1978. Strong provisions to safeguard human rights were a prominent feature of the peace agreement. A commitment to self-determination meant that all had to respect the outcome of the elections. Although it was right that Cambodians should pass judgment on Cambodians, Lord Caithness stated that 'it would be incomprehensible and unacceptable if those intimately associated with past practices, notably Pol Pot, Ieng Sary, Ta Mok and certain others, were to try to re-enter Cambodia's political life and attempt to return to power. That must not be allowed to happen.'

British Aid

As a permanent member of the UN Security Council, Britain intended to remain fully engaged in the peace process. It would:

– contribute officers to the UN advance mission in Cambodia;

– open a diplomatic mission in Phnom Penh in November; and

– give $2 million towards the cost of repatriating people in camps along the Thai-Cambodian border.

Britain would also:

– continue to support humanitarian activities of international organisations within Cambodia; and

– provide a further $3 million to a new World Health Organisation programme to combat the spread of malaria and to other international organisations' activities, such as family food production and food-for-work schemes.

In addition, Britain was preparing to train Cambodian officials and others in reconstruction and development work. It was also ready to consider with other donors additional financial support for reconstruction and development.

Other Assistance

Noting that the treaty meant a new start for other countries in South-East Asia as well as Cambodia, Lord Caithness said that Britain was to establish a scheme in Laos to finance projects to benefit the poorer members of the community while continuing financial support for the development activities of British non-governmental organisations (NGOs). Britain was ready to provide training and know-how for key Vietnamese people in enterprise restructuring, finance, banking, privatisation, distribution, transport engineering and environmental economics. The Government was also prepared to continue its support for the development activities in Vietnam of NGOs.

Vietnamese Migrants

On 29 October the British, Hong Kong and Vietnamese governments signed a statement of understanding on an orderly repatriation programme for illegal Vietnamese immigrants in Hong Kong.

Foreign & Commonwealth Office Statement

A Foreign & Commonwealth Office (FCO) statement issued on 29 October said that the statement of understanding would apply to those migrants who, having been screened using procedures monitored by the United Nations High Commissioner for Refugees (UNHCR), were found not to be genuine refugees.

The FCO statement said that the statement of understanding was in line with the Comprehensive Plan of Action agreed at the second international conference on Indo-Chinese refugees in June 1989 (see pp 266-7, 1989), which states, *inter alia,* that all those found not to be refugees have to return to their country of origin.

Under the terms of the statement of understanding, as a first step, those Vietnamese who arrive in Hong Kong on or after 29 October will be screened immediately on arrival in accordance with procedures agreed with the UNHCR. After the hearing of any appeals, those determined to be illegal immigrants will be returned to Vietnam without delay, if they do not choose to return voluntarily. These arrangements will be extended later to those non refugees in Hong Kong who arrived before 29 October.

The Vietnamese Government has confirmed that no returning illegal immigrant will face persecution and that it will continue to facilitate the monitoring of the returnees by the UNHCR to ensure that these guarantees are fully respected.

Concluding, the FCO statement said that it did no service to the real refugee if he or she was not distinguished from those using asylum as a device to better their standard of living.

Background

There are more than 62,000 Vietnamese migrants in Hong Kong. Over 20,000 have arrived since January 1991. More than 80 per cent of those screened since 1988 have been determined not to be refugees. In the last two and a half years, more than 11,000 migrants have returned to Vietnam voluntarily from Hong Kong.

In order to help those returning to Vietnam, Britain has pledged £3 million to a $114 million international reintegration assistance programme, in addition to its substantial share of the European Community's contribution to this programme.

Overseas Aid

Britain's gross overseas aid expenditure in 1990 was £1,722 million, according to the latest annual review of the Overseas Development Administration, published in November.

Aid Priorities

In the Overseas Development Administration (ODA) aid review for 1991,[1] the ODA says that the British aid programme's 'overriding aim … is to promote sustainable economic growth and social development, and to help the poor to participate in it'.

Britain concentrates aid on the poorest countries in ways which are the most likely to achieve a sustained reduction in poverty. About 80 per cent of British bilateral aid in 1990 went to countries with average incomes of less than $700 per head and 70 per cent to the poorest 50 countries. Britain is alleviating poverty by:

– promoting economic growth through support for economic reform and well-designed development projects; and

– paying attention to the income and welfare of poor people when designing economic reform programmes and individual projects.

Britain is also encouraging other government creditors to support its proposals to reduce the debt owed by the poorest, and most indebted developing countries, mainly in Africa (see p 405). In addition, Britain provides support for projects of non-governmental organisations (NGOs) through the Government's Joint Funding Scheme. Under this scheme the Government co-funds NGO projects aimed at the most disadvantaged communities.

The Government believes that economic success depends 'not only on freer, more open economies, but also on open and effective government'. Good government (see pp 266-8) is defined by the review as:

– the implementation of sound economic policies, the provision of open, accountable and competent administration, and observance of human rights; and

– public expenditure in which more money is spent on health and education and less on unnecessary military expenditure.

The aid programme promotes better government by improving the effectiveness of institutions and supporting democratic processes.

Recognising the importance of assisting developing countries in the implementation of economic reform programmes, Britain provides balance-of-payments assistance via the World Bank's Special Programme of Assistance to low-income debt-distressed African countries; at present, £548 million is committed or pledged. Britain is also the largest contributor – some £327 million over 14 years – to the Enhanced Structural Adjustment Facility of the International Monetary Fund, which is used to lend money on highly concessionary terms to the poorest countries pursuing economic reforms.

The Environment

Since 1988, Britain has been stressing the need to tackle the loss of forest, the reduction of land by desert and the pollution of air and water. It has given:

– £170 million for 200 forestry projects in progress or in preparation; and

– £40 million to the World Bank Global Environment Facility to help developing countries tackle environmental problems such as climate change and the loss of the biological diversity of plants and animals.

Population

Britain also recognises that rapid population growth and poverty combine to place pressure on the environment. British aid to assist countries in solving population problems has risen by 28 per cent in 1990 and by 120 per cent in real terms in the last ten years.

Bilateral and Multilateral Aid

Gross public expenditure on overseas aid in 1990 was £1,722 million. Table 1 shows the breakdown of bilateral and multilateral aid during 1990.

About 40 per cent of British aid is channelled through the World Bank, the European Community and the United Nations agencies, since many major development

[1] *British Overseas Aid. 1991 Annual Review.* Available free from the Overseas Development Administration, 94 Victoria Street, London SW1E 5JL.

Table 1

Gross Public Expenditure on Overseas Aid 1990

	£ million	Percentage of expenditure
Bilateral		
Country programmes	821	47·7
Sectoral programmes	151	8·8
Other	70	4·1
Total	**1,042**	**60·6**
Multilateral		
European Community	330	19·0
World Bank Group	184	10·7
UN and other	166	9·7
Total	**680**	**39·4**
Total gross aid	**1,722**	**100**

strategies can be pursued more effectively through these organisations.

Table 2 indicates the breakdown of bilateral aid by region.

Table 2

Bilateral Aid by Region 1990

	£ million
Africa, North of Sahara	20
Africa, South of Sahara	367
Caribbean	69
Latin America	24
Middle East	18
Asia, South	226
Asia, Far East	85
Europe	5
Pacific (Oceania)	28
Unallocable	201
Total	**1,042**

Of this bilateral aid, 70 per cent went to Commonwealth countries.

British Aid in Action

Health and Population

The priority is to help provide health services that are 'accessible, effective and affordable'. Concentrating on 16 countries, mainly in Africa and South Asia, Britain focuses on the needs of children and women, including family planning, and services that prevent disease and disability. British aid is being used to:

– help Kenya, Zimbabwe, Ghana, Nepal, Bangladesh and India to resolve problems of planning, managing and financing health systems;

– strengthen primary and district health care services in India, Pakistan, and Bangladesh, as well as other countries in Africa and the Pacific;

– support a supply programme in Nepal, which provides villagers with improved water supplies together with education in sanitation and hygiene; and

– help national malaria control programmes in Kenya, Nepal, India, Sri Lanka and Bangladesh.

Britain contributes to a number of World Health Organisation (WHO) programmes, including those concerned with tropical disease and diarrhœal disease control, human reproduction, essential drugs, and the prevention of river blindness.

In 1990, Britain also started two major health research and development programmes, involving a commitment of £16 million over five years. These cover women's and children's health, primary health management, environmental and urban health, and population strategies.

The goals of Britain's population assistance policy are to:

– establish and maintain 'the right social, economic, political and cultural climate' within which people can exercise choice;

– respond to the growing demand for safe and effective family planning services by improving their availability, accessibility and quality; and

– improve women's health and access to effective health care services.

The ODA is working with the WHO Global Programme on AIDS to encourage national governments to address the disease and help individual countries, particularly poor ones, to develop plans to reduce the spread of HIV and AIDS. Britain has contributed more than £16·8 million to the work of the programme, while bilateral support amounting to £7·18 million, channelled through the WHO, has been provided to 15 African and Caribbean countries to help them establish and implement their own programmes.

Women in Development

The role of women in poor countries is crucial to successful economic development, the review says. A new ODA-funded women's development programme in Malawi is being prepared, which will give access to training in literacy, income-generation activities and business skills. In an ODA-funded farming project in India, women are encouraged to participate in group meetings and have started a number of income-generation projects, such as goat rearing, bee-keeping and basket-making.

Education

Education projects are supported by the ODA because they build on rather than replace local expertise or other resources, and open up opportunities for women to improve their skills and their economic productivity as well as their general education.

The key areas in these projects are:

– teacher education and training in English language and other areas in short supply;

– curriculum development and the writing of teaching material;

– support for examination systems and other forms of assessment;

– provision of material and equipment;

– technical education at all levels;

– distance learning; and

– books and other information media.

The ODA's technical co-operation training is linked to British aid projects or other pressing needs. Most of the awards are for training in Britain, although some are taken up in developing countries.

Other smaller schemes include the Commonwealth Scholarship and Fellowship Plan, which opens up opportunities for scholars in one Commonwealth country to study in another, including in Britain. There is also the ODA's Shared Scholarship Scheme, under which Britain shares the cost of awards with participating British institutions.

In 1990 the Government approved some £100 million in support of about 15,000 overseas people to study in Britain.

Basic Infrastructure

Britain is supporting programmes and projects in developing countries aimed at creating and sustaining economic infrastructure in the following sectors.

Water Supply

ODA water supply schemes reflect a range of needs. For example, they include help in providing rural borehole supplies in Uganda as well as operational and maintenance support to large-scale supplies in Madras in India. The ODA has also assisted in the construction of small town supplies in eastern Nepal and in water utilities management and operation in Mauritius and St Lucia.

Sanitation

To alleviate the pollution hazards of inadequate sanitation, Britain has helped with the improvement of conventional water-borne sewerage systems in Cairo, Egypt, and Lahore, Pakistan. On a smaller scale, improved pit latrines are being provided in areas of Southern Africa and Asia.

Increasing attention is also being paid to the improvement of surface water drainage systems and of solid waste disposal and garbage collection systems.

Communications

Recognising that access to communications stimulates economic activity and encourages better services, Britain has financed the construction of:

– highways in Tanzania, Kenya and Belize;

– bridges in Bangladesh, Gambia, Swaziland and Zaire;

– ferries in Sierra Leone and railways in Mozambique and Kenya;

– ports in the Caribbean islands and Mozambique; and

– airports in Central America and the Caribbean.

The ODA has also supplied equipment and vehicles for the efficient operation of these transport systems.

Energy

Britain has funded the construction of electricity generating stations in countries such as

India, Pakistan, Indonesia, Sri Lanka and Sudan.

Taking into account increasing concern over environmental issues, including climate change, the ODA has begun to look at the need to improve the efficiency of power transmission and distribution systems in order to avoid energy wastage.

Regarding the utilisation of fossil fuels in power production, the ODA has encouraged the efficient use of natural gas in India, Bangladesh and Indonesia, and has supported coal exploration and extraction in Egypt, Bangladesh, India and Indonesia.

Urbanisation

The report says that the stresses associated with urbanisation in developing countries can be alleviated by physical planning and zoning, coupled with adequate transport, water supply and drainage. The ODA supports the work of the World Bank and other institutions on improving urban management and participates in discussions aimed at increasing the quality and cost effectiveness of urban planning and administration. In addition, the ODA funds slum improvement projects in several Indian cities as well as water and sewerage schemes.

Research and Development

Support is being given to a programme of research of £5·5 million annually to tackle infrastructure problems in the developing world. Current research covers reduced-cost sewerage systems, water disinfection techniques, treatment of municipal waste water and simple pump technology. The ODA is funding the development of electrical heat storage cooking as an alternative to wood fuel cooking.

Britain is also supporting methods of environmental management to help reduce the prevalence of water-borne diseases frequently associated with irrigation in tropical regions.

The Environment

Britain aims to promote sustainable economic and social development, ensuring that projects and programmes address local and national environment priorities.

The ODA's *Manual of Environmental Appraisal* for programme managers sets out the procedures for taking the environment into account at all stages of project selection, design and implementation.

Forestry

There has been a large increase in ODA aid to promote the sustainable use of forest resources in the developing world (see p 409) including a £11·2 million grant to Sri Lanka to plant trees in over 15,000 acres (6,250 hectares).

The ODA continues to attach importance to the funding of forestry projects run by NGOs, such as the World Wide Fund for Nature. Over 50 such projects are in progress.

Climate Change and Ozone Depletion

The ODA aims to help developing countries understand the threat that climate change, brought about by the increasing atmospheric concentration of greenhouse gases, poses to them. It has a programme of funding to enable developing countries to participate in the work of the Inter-governmental Panel on Climate Change and in other international forums on global environmental issues.

Britain remains willing to offer specific help to developing countries to limit their contributions to global warming. For example, the ODA has made a grant of £50 million to India to promote energy efficiency. The ODA will also assist developing countries to assess the implications of becoming parties to the Montreal Protocol to protect the ozone layer (see pp 256-9, 1990).

Environmental Research

Environmental considerations feature in all ODA research programme allocations. The ODA has also commissioned environmental research to establish a better understanding of the systems that underpin sustainable development.

The implementation of the Renewable Natural Resources Research Strategy (see pp 67-8, 1990) began in April 1990. The principal research programmes, contracted out to seven British scientific institutions, cover:

– resource assessment and farming systems;
– integrated pest management;
– food science and crop utilisation;
– plant sciences;

– animal health;
– forestry and agroforestry; and
– fisheries.

Humanitarian Assistance

In 1990, Britain provided £4·1 million in humanitarian aid to Liberia and neighbouring countries where Liberians sought refuge from civil war. Britain also contributed assistance valued at £400,000 to Iran following a major earthquake in June 1990.

Since the beginning of 1989, Britain has provided £230 million, including contributions through the European Community, in humanitarian aid for Africa. Of this, over £130 million has gone to Ethiopia and Sudan to alleviate the effects of famine. In order to tackle the underlying causes of famine, about 30 per cent of Britain's long-term development aid to Africa promotes agriculture.

Between September 1990 and May 1991, Britain provided over £80 million in relief aid to the victims of the Iraqi regime's aggression (see p 183). Britain has also allocated £11·5 million for cyclone relief in Bangladesh (see p 186).

Economic and Scientific Affairs

Autumn Statement

Renewed economic growth combined with continuing tight control of public expenditure to keep inflation down were the main themes of the Autumn Statement presented by the Chancellor of the Exchequer, Mr Norman Lamont, to the House of Commons on 6 November. He said that after four years of debt repayment there had been a return to public sector borrowing in 1991-92. The Government aimed to use targeted programme spending to offset the effects of the recession on the most vulnerable in society. As a result public spending relative to gross domestic product would rise slightly in 1992-93 before resuming its downward trend.

Mr Lamont was delivering the customary Autumn Statement on the expected outturn for public expenditure in the current financial year as well as outlining government plans for the next three years and changes in National Insurance contributions for 1992-93 (*Hansard*, Vol 198, No 5, cols 449-70). He was also publishing economic forecasts for the next calendar year. These are brought together in a single document, the 'Grey Book'.[1]

PUBLIC EXPENDITURE

Mr Lamont re-committed the Government to tight control of public expenditure. He explained that the effects of renewed growth would take some time to work through the economic cycle. As a result, it was right to allow expenditure to rise in 1992-93 to meet 'the unavoidable consequences of weaker economic activity'. The Government's priorities had been to meet its commitments to the most vulnerable members of society; maintain spending programmes that contributed most to the long-term strength of the economy; and improve the quality of public services.'

Mr Lamont reaffirmed the Government's aim of reducing over time public expenditure as a share of national income. Since public spending had peaked in the early 1980s, its ratio to national income had been brought down by over 5 percentage points. This had been achieved by reducing the size of Government, improving efficiency and prudently managing public finances. Over the past decade this approach had enabled the Government to cut tax rates, reduce public borrowing and spend more in well-targeted areas of priority. However, expenditure would rise slightly as a proportion of gross domestic product (GDP) in 1992-93, but to a level significantly below the peaks following previous recessions. Thereafter, the public spending/national income ratio was expected to resume a downward trend. The Government's policy remained to balance the budget over the medium term.

Public expenditure for the fiscal year 1991-92 was expected to reach £204,900 million (see Table 1), slightly below the revised level set in the Budget (see pp145-52). Mr Lamont said that an increase in programme spending, largely the result of weaker economic activity, would be offset by additional privatisation proceeds. After four successive years of debt repayment there had been a

[1] *Autumn Statement 1991*. HM Treasury. Cm 1729. HMSO, £10. ISBN 0 10 117292 3.

Table 1
General Government Expenditure

£000 million

	1990-91 outturn	1991-92 forecast in 1991 Budget	1991-92 latest forecast
Planning total	180·1	205·0	204·9
Local authority self-financed expenditure	14·7	9·1	10·2
Central government debt interest	17·5	16·7	16·7
Accounting adjustments	3·8	3·9	4·3
Total	216·1	234·8	236·1
of which			
Privatisation proceeds	5·3	5·5	8·0

Note: Differences between totals and the sums of their component parts are due to rounding.

return to public sector borrowing in 1991-92. For 1991-92 he predicted a Public Sector Borrowing Requirement (PSBR) of £10,500 million, about 1·75 per cent of GDP (see Table 2).

Between 1991-92 and 1994-95 the planning total (which includes central government support for local authorities) was planned to grow on average by 4 per cent a year in real terms, lower than the average real growth over the last three years. The total for 1992-93 was set at £226,600 million (see Table 3), some £5,600 million above the plans outlined in the Budget. For 1993-94 it would be £244,500 million, £13,000 million above the Budget figure; in 1994-95 the total would be £258,000 million. The ratio of public expenditure to national income would rise from 40 per cent in 1990-91 to 42 per cent in 1992-93; it was expected to fall slightly in the two succeeding years.

The planning totals included higher reserves than the previous year's plans: a £4,000 million reserve for 1992-93; £8,000 million for 1993-94; and £12,000 million for 1994-95. The spending plans had been calculated on the basis of privatisation proceeds amounting to £8,000 million in 1992-93. This was the same figure as expected for 1991-92. Proceeds of £5,500 million were forecast for both 1993-94 and 1994-95, in line with previous plans.

Programmes

Mr Lamont announced for 1992-93 substantial amounts of additional expenditure on

Table 2
Public Sector Expenditure, Receipts and Borrowing

£000 million

	1990-91 outturn	1991-92 forecast in 1991 Budget	1991-92 latest forecast
General government expenditure	216·1	234·8	236·1
General government receipts	216·7	226·5	225·4
General government borrowing requirement	–0·5	8·3	10·7
Public corporations' market and overseas borrowing	0·1	–0·4	–0·2
Public sector borrowing requirement (PSBR)	–0·5	7·9	10·5
PSBR as a percentage of GDP	–0·25	1·25	1·75
PSBR excluding privatisation proceeds	4·8	13·4	18·5
PSBR as a percentage of GDP	0·75	2·25	3·25

Table 3
Public Expenditure Plans from 1991-92 to 1994-95

£ million

	Estimated outturn 1991-92	Plans 1992-93	1993-94	1994-95
Ministry of Defence	22,850	24,180	24,520	24,800
Foreign & Commonwealth Office				
Diplomatic wing	1,050	1,120	1,190	1,200
Overseas Development Administration	2,010	2,150	2,260	2,330
Ministry of Agriculture, Fisheries and Food	2,290	2,190	2,220	2,280
Department of Trade and Industry	960	940	900	930
ECGD (Export Credits Guarantee Department)	250	120	70	40
Department of Energy	940	610	510	460
Department of Employment	3,640	3,870	3,880	3,920
Department of Transport	5,640	6,960	6,590	6,100
Department of the Environment				
Housing	7,630	7,780	7,960	8,210
Environment	1,370	1,290	1,270	1,260
Property Services Agency	90	70	40	20
Local government	28,270	31,020	32,500	34,000
Home Office	5,740	6,000	6,410	6,680
Legal departments	1,660	1,760	1,840	1,920
Department of Education and Science	7,320	7,950	8,370	8,750
Office of Arts and Libraries	560	610	600	620
Department of Health	25,710	28,150	30,010	31,690
Department of Social Security	65,000	70,600	76,100	79,800
Scotland	11,720	12,540	13,070	13,610
Wales	5,260	5,810	6,060	6,300
Northern Ireland	6,480	7,030	7,410	7,740
Chancellor of the Exchequer's departments	4,800	5,030	5,220	5,440
Cabinet Office etc	400	450	470	490
European Community	910	2,460	2,570	2,910
Reserve	–	4,000	8,000	12,000
Privatisation proceeds	–8,000	–8,000	–5,500	–5,500
Adjustment*	300	–	–	–
Planning total	204,900	226,600	244,500	258,000

*For the difference between the assessment of the likely outturn and the sum of the other items shown.
Note: Differences between totals and the sums of their component parts are due to rounding.

health, social security, transport and central government support for local authority services.

He said that the Government intended to lead by example in controlling costs; hence the public sector would strive to increase efficiency and hold down wage and other costs. This was the basis for the tight settlements which the Government had made on both programmes and running costs.

Health

Planned National Health Service (NHS) spending in Britain in 1992-93 had been increased by £1,500 million. Total NHS spending in England would grow by 4·2 per cent over and above inflation. Spending on hospital and community health services would rise by 5 per cent. This would bring the total real growth in expenditure on health in Britain since 1978-79 to over 50 per cent. In England extra finance had funded the treatment of

1·5 million more acute in-patients and day cases as well as the employment of 16,000 more doctors and dentists, 51,000 more nurses and the completion of 500 major capital schemes.

Social Security

Some £4,200 million would be added to social security expenditure for 1992-93. This reflected higher unemployment and greater take-up of other benefits. It would also pay for full indexation of benefits; higher rates of income-related benefits for disabled pensioners and those over 80; the Budget increase in Child Benefit; and two new benefits for disabled people due to come into effect in April 1992 (see pp 436-7, 1990).

Transport

In a move which emphasised the new priority given to public transport, the Government would increase funding to British Rail and London Transport by £1,400 million in 1992-93, bringing planned investment for that year to more than £2,500 million. Mr Lamont explained that, because of the recession, income generated from passengers and asset sales had been adversely affected; extra government money was needed in this important sector to boost the efficiency and competitiveness of the economy.

Local Authority Services

The Chancellor announced in July an extra £1,400 million of central government funding for local authority current expenditure in 1992-93. This would maintain the new balance between local and central funding of local services announced in the Budget. As education accounted for almost half of local authority revenue spending, there should be substantial growth in spending on schools. The Government reserved the right to cap the budgets of authorities which it considered to be misspending or overspending.

Other Activities

Improvements would also be made in other key educational areas. Public funding for universities and polytechnics would rise by 4·6 per cent in real terms in 1992-93, enabling one in four young people to enter higher education, double the ratio of 1979 (see pp 226-32). Research councils would gain an extra 3 per cent in real terms. A further £500 million would go towards employment projects in 1992-93. Overall, publicly financed expenditure on training, enterprise and vocational education would be two and a half times greater in real terms than in 1978-79.

To cover the continuing costs of the Gulf conflict and changes to the defence force's structure (see pp 93-7 and 256-61), there would be an increase of £830 million for defence. When these special factors were discounted, however, defence spending was planned to fall between 1990-91 and 1994-95 by about 6 per cent in real terms.

There were additional limited increases for the Home Office and Department of the Environment programmes; provision for the Departments of Transport (apart from those mentioned above) and Trade and Industry would remain at the levels already outlined. Contributions to the European Community budget would increase sharply in 1992-93, adding 0·7 per cent to the real growth in the planning total between 1991-92 and 1992-93.

Capital Expenditure

The new plans provided for an extra £1,000 million in 1992-93 for capital spending by central government and for central government support for local authorities' capital spending. Provision for capital work on schools would increase by 10 per cent in real terms in 1992-93.

NATIONAL INSURANCE CONTRIBUTIONS

Following an announcement on 21 October on the uprating of social security benefits, Mr Lamont outlined the changes in employee earnings limits for Class 1 National Insurance contributions[1] taking effect from April 1992. The lower earnings limit at which national insurance contributions begin would rise by £2 a week to £54 from April, while the upper limit would rise by £15 a week to £405. The contribution rates for both employers and

[1] There are four classes of National Insurance contribution. Class 1, paid by employees and employers, covers the bulk of the working population. Two of the other classes cover the self-employed while the fourth may be paid voluntarily for pension purposes.

Table 4
Economic Prospects

	Outturn 1990	Forecasts 1991	1992
Output and expenditure at constant prices (percentage change on previous year)			
Domestic demand	0	–3	3
of which			
Consumers' expenditure	1	–0·75	2·5
General government consumption	2·75	2·25	1·75
Fixed investment	–2·5	–10·75	1·25
Exports of goods and services	4·75	1·25	6
Imports of goods and services	1·25	–2·5	7·5
GDP (average measure)	0·75	–2	2·25
Non-North Sea GDP	0·75	–2·25	2·25
Manufacturing output	–0·5	–4·25	3·25
Balance of payments			
Current account (£000 million)	–14·5	–6·5	–9·5
Inflation			
Retail prices index (percentage increase between fourth quarters of successive years)	10	4	4

employees would remain the same, at 9 per cent and 10·4 per cent respectively. The profits-related contribution rate for the self-employed would also not change.

ECONOMIC FORECAST

Presenting his economic forecast for 1992 (see Table 4), the Chancellor emphasised the fall in the rate of inflation. Developments since the Budget had broadly confirmed the forecast made in March 1991.

Inflation

Inflation as measured by the Retail Prices Index (RPI) had more than halved from nearly 11 per cent in autumn 1990 to around 4 per cent in September 1991. RPI inflation excluding mortgage interest payments had fallen from 9·5 to 5·75 per cent; and producer price inflation excluding food, drink and tobacco had declined from 6·5 to 4·75 per cent. Also encouraging was the falling trend in the level of wage settlements. Average earnings growth had dropped from a peak of over 10 per cent to 7·75 per cent in August. Settlements in manufacturing industry had averaged 5·5 per cent in the third quarter of 1991, the lowest figure since mid-1987. Although RPI inflation might rise slightly early in 1992, it was forecast to return to 4 per cent in the fourth quarter of 1992. Underlying inflation would continue to fall.

Essential in bringing about a low inflation economy was a 'prudent and cautious' monetary policy, whose credibility had been underscored by the Government's firm commitment to the exchange rate mechanism (ERM – see p 420). Reducing inflation had allowed the Government to cut interest rates without jeopardising sterling's position in the ERM. Interest rates had fallen by 4·5 percentage points since October 1990 and were now below the average for the last 12 years. Britain's interest rate differential with Germany was at its lowest for ten years.

Recovery

Mr Lamont said that Britain was emerging from recession. Consumer spending had been rising slowly in recent months after a fall in the year to the second quarter of 1991. Both service sector and manufacturing output appeared to have stabilised.

He went on to say that the monthly rate of increase in unemployment had reached a high point in March 1991 and was likely to moderate further as the recovery began.

Consumer confidence had increased throughout 1991 and personal consumption was set to rise by 2·5 per cent in 1992, providing further impetus to recovery. Output was likely to decline by around 2 per cent in 1991, but was expected to rise by 0·75 per cent between the first and second halves of 1991. With a projected continuing increase in consumer spending, a likely end to the business investment recession and the run down of stocks, the Chancellor forecast that GDP would grow by 2·25 per cent in 1992 and by 2·75 per cent from the second half of 1991 to the second half of 1992.

External Trade

The year to the third quarter of 1991 had seen exports of manufactured goods rise by 5 per cent in volume terms. The Chancellor predicted that Britain's share of the volume of world trade in this sector could rise for the third year running. The current account deficit was expected to be about £6,500 million for 1991 – half the size of the 1990 deficit. It would rise to £9,500 million in 1992. He explained that this increase was normal at this stage of the economic cycle and that he could see no difficulty in financing the deficit.

Business Investment

Business investment had fallen over the past year, but this had to be seen in the context of the boom in the late 1980s and the record level in the first half of 1990. Investment was expected to rise from mid-1992 as economic activity improved. Mr Lamont said that business optimism over output, investment and exports was at its highest level for three years.

Conclusion

In conclusion, Mr Lamont noted that the expenditure plans announced in the Autumn Statement honoured existing commitments, while providing substantial additional resources for the health service, public transport and education. The Government had demonstrated that prudent fiscal and monetary policies were consistent with maintaining high-quality, well-funded public services. 'These are the policies that have allowed us to reduce inflation and to cut interest rates … to help the most vulnerable, and to invest in young people who are Britain's future. They are . . . leading Britain to a sustained, non-inflationary recovery.'

OPPOSITION VIEWS

For the official Opposition, Mr John Smith stated that the Government's spending plans were a 'giant confidence trick' in the run-up to an election. He cast doubt on Mr Lamont's pledges of a sustained economic recovery in 1992 by referring to the previous Chancellor (now the Prime Minister, Mr John Major) who had failed to predict the depth of the current recession in his 1990 Autumn Statement. Continuing falling investment and rising unemployment meant that MPs were right to be sceptical about the present Chancellor's predictions. Mr Smith said: 'In both [its] economic forecasts and public expenditure proposals, the Government [is] engaged in a process of deception, which … will not fool the British people.'

Speaking for the Liberal Democrats, Mr Alan Beith described the Autumn Statement as a 'quick election fix' rather than a programme of long-term investment to improve competitiveness.

Chancellor's Mansion House Speech

Business confidence is returning as the British economy moves towards sustainable and non-inflationary recovery, the Chancellor of the Exchequer, Mr Norman Lamont, told the Lord Mayor's Banquet for Bankers and Merchants of the City of London on 31 October. He also said that while the Government would not support a single European currency without prior British parliamentary approval, it would continue to work towards a successful conclusion of the current negotiations on economic and monetary union.

British Economy

Mr Lamont acknowledged that 1991 had been a difficult year for business and that Britain and other countries had been in

recession for much of the past year. In the late 1980s consumers and businesses had borrowed excessively, leading to unsustainable and ultimately inflationary growth rates (see pp148-51). However, evidence of recovery was now to be seen in the upward trend in retail sales, a fall in the monthly rise in unemployment, and increased imports of raw materials and capital goods. Recent business surveys, particularly one for the Confederation of British Industry, showed that business confidence was returning.

This rise in confidence was justified because:

– inflation was now below the European Community average and set to fall even more;

– a further reduction in inflation was likely as a result of British business's success in cutting costs;

– falling inflation was bringing increased profitability, which allowed manufacturers to invest, train, and create jobs;

– despite the recession, Britain's share of world trade was rising; and, most importantly,

– economic recovery would be sustainable and non-inflationary, providing ideal conditions for investment, enterprise and the creation of jobs.

British Telecom

The Government's forthcoming sale of part of its remaining shareholding in British Telecom (BT) took privatisation a stage further (see pp108-9). A tender offer would be made available to both British institutions and overseas investors. Tender prices would determine the British retail price, which for the first time would not be set until the end of the offer period. This would reduce uncertainty for those small investors that the Government wanted to encourage. The Chancellor added that the BT offer would not have to be underwritten and that this unprecedented approach would result in a direct saving to taxpayers of over £40 million. The introduction of 'share shops' in Britain for buying and selling BT and other shares would encourage people to become active investors in more than one company. Over 3·5 million people had already registered an interest in the BT offer, of whom about 90 per cent had opted to use a share shop.

Exchange Rate Mechanism

The Chancellor said that, since sterling's entry into the exchange rate mechanism (ERM), both the headline and the underlying rate of inflation had fallen sharply. Financial markets and businesses now recognised the strength of the British commitment to the ERM, and this had obliged Government and industry to control costs to maintain Britain's competitiveness. Mr Lamont hoped that the service sector would be able to reduce unit labour costs in the way that manufacturing industry had over the past three months. The Government intended to extend performance-related pay throughout the public sector (see pp 293-5).

Sterling had remained within the bands of the ERM, and Britain's interest rate differential with Germany was at its lowest in a decade. 'I have cut interest rates only when it has been safe to do so. That may have disappointed some in the short term, but it has laid the foundation for long-term success.'

Economic and Monetary Union

The issues surrounding economic and monetary union (EMU) had profound political implications, said Mr Lamont. Although Britain would not move to a single currency without a separate decision by the British Government and Parliament, 'it would have been unthinkable for the United Kingdom simply to turn its back on the EMU negotiations. Our economic future is increasingly bound up with that of Europe.'

Commenting on the increasing integration of capital markets and the closer monetary links between Germany and Belgium, Luxembourg and the Netherlands, the Chancellor stressed that these developments had evolved naturally through the market, and that market forces had to be 'our guiding principle' in considering adoption of a single currency. He announced the Government's intention to launch a three-year European Currency Units (ECUs) note programme in 1992 following the conclusion of current EMU negotiations.

Broad Money and Funding Policy

Worldwide, broad money – largely bank and building society deposits – had grown faster than incomes throughout much of the 1980s, mainly as a result of financial liberalisation and capital market integration. Hence, the stock of broad money was currently very high in relation to gross domestic product. Mr Lamont said that the low growth of broad money in Britain had resulted from investing institutions purchasing more securities. He doubted that this low growth would prevent recovery. Economic behaviour would not be likely to change materially if financial institutions and overseas investors held more money balances and fewer gilts. Departures from a 'full fund' approach could produce major uncertainties and distortions in the markets; both the authorities and markets had benefited from the full fund rule.

Banking Supervision

The closure of the Bank of Credit and Commerce International (BCCI – see p 316) had shown that the abrupt closure of a retail bank led to enormous disruption. British and overseas supervisory and legal structures needed to take account of the international character of financial services (see p 378). In order to improve co-ordination between supervisors and agree common minimum standards, the regulatory authorities had to build on progress already made within the European Community and the Basle Group (a committee of national banking regulators).

Eastern Europe

The collapse of Communism presented daunting problems while at the same time offering immense opportunities. Britain and other Western countries had a responsibility to help secure the Soviet Union's transition to democracy and a market economy. Apart from being prepared to send emergency food and medical aid on a large scale this winter, Britain had set up the Know-How Fund to provide practical advice and technical assistance to Soviet businesses and entrepreneurs (see p 425, 1990, and p 186).

Mr Lamont pointed to the Soviet Union's pressing need to develop an efficient banking system, adding that the City of London could help by giving training, seconding staff, and offering technical advice. He hoped that the City would work with the London-based European Bank for Reconstruction and Development (see pp 183-5) in helping to provide the investment needed by the emerging private sector in Eastern Europe and the Soviet Union.

Fisheries

The European Community Fisheries Council has agreed measures to improve the conservation of fish stocks, including measures to reduce the catch of juvenile fish and to control the use of drift nets.

Benefits for British fishing have resulted from the talks between the European Community and the European Free Trade Association.

Fisheries Agreement

The European Community Council of Fisheries Ministers met specially to discuss proposed amendments to the Community's technical conservation measures regulation. These amendments, announced on 29 October after two years of discussion, and to come into force on 1 June 1992, cover a wide range of fisheries management from the most northerly to the most southerly waters under the jurisdiction of member states.

The measures concerning mesh sizes, minimum landing sizes and types of gear aim in particular to reduce catches of undersized juvenile fish, thus leaving them in the sea to build up and sustain fish stocks for future fisheries.

Among measures most relevant to Britain are:

– an increase in minimum mesh size in the North Sea and West of Scotland areas from 90 to 100 mm[1] with the option of using a square mesh panel of 90 mm;

– an increase in mesh size in the Irish Sea from 70 to 80 mm;

– net design specifications to prevent bal-

[1] 25·4 millimetres (mm) = 1 inch.

looning and so to improve selectivity of gear in the North Sea and West of Scotland areas; and

– a uniform mesh size of 40 mm for fishing herring, mackerel, horse mackerel, blue whiting, pilchard and squid.

Another measure concerns drift nets – large nets extended by weights at the bottom and floats at the top, and allowed to float with the tide. These are to be limited to 2·5 km (1·5 miles), except for vessels with at least two years' experience in the tuna fishery of the North East Atlantic, which until 31 December 1993 may use up to 5 km (3 miles) of nets provided that such nets are submerged at least 2 metres below the surface of the water – to help avoid trapping dolphins and porpoises. This fishery will cease at the end of 1993 unless it is demonstrated that its continuation does not carry ecological risks.

Parliamentary Secretary's Statement

Commenting on the measures, Mr David Curry, Parliamentary Secretary at the Ministry of Agriculture, Fisheries and Food, said that nets of larger mesh size would mean a reduction in discards of undersized fish. The square-mesh panel, which Britain had introduced in summer 1990, would improve conservation of fish stocks in Community waters. British ideas for improving the design of gear had also been adopted. The measure on drift nets, Mr Curry said, had been agreed in response to the United Nations resolution on large-scale drift nets. 'Conservation measures can be painful in the short term', he continued, but Britain 'had secured a good and positive basis on which to work for the recovery and stability of fish stocks for the longer term benefit of the fishing industry'.

Extra Fishing Quota

Britain is expected to benefit as a result of the talks between the Community and the European Free Trade Association (EFTA) on a European Economic Area, on which political agreement was reached on 22 October (see p 406). The Community's general fishing quota for North Norwegian cod will rise from 2·14 to 2·9 per cent of the annual catch from 1993 (Britain receives two-thirds of the total). EFTA is to have free access to Community markets for most fish products and a progressive (up to 70 per cent) cut in tariffs on some other species. EFTA is to receive no tariff concessions on sensitive species such as herring, salmon or mackerel.

Oil and Gas

The Government has given its views on offshore environmental protection in the 1990s. It has also announced a joint initiative between Britain and Norway to promote competition in the North Sea.

The Government has welcomed recommendations to increase competition in the supply of gas to industrial and commercial users.

Offshore Environmental Protection

The importance of offshore environmental protection was noted in a statement of guiding principles issued by the United Kingdom Offshore Operators' Association during the Offshore Europe conference and exhibition at Aberdeen in September. The guiding principles are:

– to adopt procedures and practices to protect the environment;

– to emphasise management responsibility;

– to protect the environment when handling materials, products and waste;

– to assess and minimise the risk of spills and emissions;

– to manage overall emissions and minimise their environmental impact;

– to co-operate closely with the Government and European authorities to safeguard the environment;

– to support research and development programmes;

– to contribute fully to the environmental debate as it affects the offshore sector; and

– to monitor progress and ensure compliance with these principles.

Speaking in Aberdeen on 22 October, Mr Colin Moynihan, Parliamentary Under-Secretary of State for Energy, said that mature fields processed more than four times as

much water as oil. It was essential for water produced in offshore operations to be treated to meet strict environmental requirements before discharge. Britain was shortly to head a discussion on how to reduce the levels of oil discharged with water produced from offshore installations and on the best available technology to deal with such water.

The offshore industry, he said, should 'seek improved standards of environmental practice by taking the initiative in trying to anticipate events … rather than finding itself having to respond to a detailed prescriptive regime'.

British and Norwegian Initiative

The initiative, to promote competition in the North Sea, was announced by Mr Moynihan in a speech on 29 October. Britain and Norway have been working together for four years to promote greater collaboration in offshore supplies. They 'share the benefits, and the risks and challenges of the North Sea. It makes sense to collaborate on matters ranging from safety to research and development.' He added that the supply industries that Britain and Norway had established since the early 1970s provided the bulk of the goods and services for their respective continental shelves. Companies, however, had to diversify and to achieve an international market, for which the North Sea 'must be the training ground'. The initiative was aimed particularly at smaller and medium-sized companies.

Competition in the Gas Market

Background

After the Monopolies and Mergers Commission Report in 1988 on the gas contract market (see p392, 1988), British Gas undertook to assist the development of competition in this market. It agreed:

– not to buy more than 90 per cent of the gas on offer to it from new fields for the period 1 June 1989 to 31 May 1991;

– not to require contract terms which would constrain producers from disposing of gas to other companies;

– to expedite common carriage facilities for third parties; and

– not otherwise to obstruct the achievement of the target of 10 per cent of gas from new fields being supplied to the British industrial and commercial market by suppliers other than British Gas.

Director General of Fair Trading's Review

A review[1] by the Director General of Fair Trading, Sir Gordon Borrie, finds that there is still little real competition in the contract gas market, despite remedies introduced after the 1988 report. Although some new suppliers have entered the market, they are not likely to have more than a 4 to 5 per cent share in the next few years. The fundamental problem, the review says, is the availability of gas for British Gas's competitors. Only small amounts come through into the more general industrial market and none into the commercial market. The review makes recommendations aimed at speeding the supply of gas to competitors.

With government support, Sir Gordon will ask British Gas to release quickly to other suppliers substantial quantities of gas for which it has already contracted. He will also ask it to revise its original undertaking not to bid for more than 90 per cent of new supplies.

The review recommends abolition of the British Gas monopoly to supply tariff customers – those taking less than 25,000 therms a year.

It concludes that action is needed to improve access to the onshore transmission system, owned by British Gas, for other gas suppliers. Sir Gordon will ask British Gas to consider creating a subsidiary to operate all transmission and storage.

Government Reaction

Welcoming the review, the Secretary of State for Trade and Industry, Mr Peter Lilley, said that he supported the conclusion that more competition was needed. 'Increased competition', he said, 'backed by early release of substantial supplies by British Gas, would have major benefits for industrial and commercial customers'. He would also 'urgently consider … legislative changes to stimulate competition in the gas market'.

[1] *The Gas Review. A Review by OFT Officials in Conjunction with OFGAS of the Industrial and Commercial Market for Gas Developments since the MMC Report.* A summary available free from the Office of Fair Trading, Field House, Breams Buildings, London EC4A 1PR.

Shorter Notes

RENEWABLE SOURCES OF ENERGY

The Government has announced the non-fossil fuel obligation renewables Order for 1991 (see p341), which more than triples the amount of renewable energy supported through the obligation. The Order represents a further major step in assisting renewables to enter the electricity generating market and in implementing the Government's renewables policy. Together, the 1990 and 1991 Orders give some 134 new renewable energy projects, with a capacity of 540 megawatts (MW).

The 1991 Order has six separate bands:

1 *Landfill gas* – an obligation of 48 MW; the regional electricity companies (RECs) have contracted with 28 projects for landfill gas generating stations.

2 *Sewage gas* – an obligation of 26·86 MW; the RECs have contracted with 19 projects.

3 *Energy from waste* – an obligation of 261·48 MW from municipal and general industrial waste generating stations; the RECs have contracted with ten projects.

4 *Hydro-electricity* – an obligation of 10·36 MW; the RECs have contracted with 12 projects.

5 *Wind energy* – an obligation of 82·43 MW; the RECs have contracted with 49 projects. The establishment of a market leading to deployment, together with further research, are necessary steps in reducing costs. These would enable the potential of wind farms to be assessed in various locations.

6 *Other* – an obligation of 28·15 MW; the RECs have contracted with four projects (other waste combustion).

Making the announcement in the House of Commons on 5 November, Mr Colin Moynihan, Parliamentary Under-Secretary of State for Energy, said that £174 million had been spent on research and development into renewable energy during the past 12 years; £24 million had been allocated for 1991-92. The 1991 Order set an obligation of 457 MW declared net capacity from 1 January 1992 to 31 December 1998. Of the Order's 122 projects, 75 per cent would be new with a capacity of 472 MW. This would meet nearly 50 per cent of the figure the Government was aiming for: 1,000 MW by the year 2000 (see p353, 1990). The renewable energy advisory group (see p314) would reassess this figure in line with the Government's belief that renewables could produce 20 per cent of Britain's current electricity demand by the year 2025.

In addition, 38 renewable projects – two hydro, the rest wind – in Scotland, with a capacity of 16 MW, would benefit.

The Government had decided, Mr Moynihan said, to explore with the European Community the possibility of the next renewables Order setting an obligation for a period beyond 1998. The 1991 Order, he believed, 'is the largest requirement to contract for renewables-sourced electricity generating capacity ever to be announced in the European Community'.

Source: *Hansard*, Vol 198, No 4, cols 329-41.

SUPPORT FOR INNOVATION IN HIGHER EDUCATION

Two new grant schemes to help higher education and industry exploit the commercial potential of research were announced by the Secretary of State for Trade and Industry, Mr Peter Lilley, on 10 October. Designed to aid co-operation between academic institutions and industry, the Technology Audit Scheme and the Industrial Unit Scheme will provide initial 'pump priming' finance for higher education institutions. The Government intends that research and technology produced in universities, polytechnics and colleges should be more closely adapted to commercial development, and that both schemes will help to attract non-government investment for research.

Under each scheme, the Department of Trade and Industry (DTI) is to contribute £1 to higher education establishments for every £1 derived from commercial activity. Grants amounting to a combined total of up to £12 million will be made available.

The Technology Audit Scheme aims to encourage higher education institutions to carry out audits of their technology base, which will be used to identify and assess technical strengths with commercial relevance.

The audits have to be completed by 30 June 1993, and will need to be managed by an external consultant and published.

The Industrial Unit Scheme is designed to help academics manage and market their research effectively. Under the scheme, the DTI will provide grants to strengthen existing industrial units in higher education institutions, amounting to a maximum of £100,000 for each institution. Industrial units play a vital role in ensuring that industry receives the full benefit from public investment in scientific and technological research. The grants are to help such units recruit professional staff with expertise in marketing management, patenting and other disciplines, over a three-year period. In certain cases the establishment of new industrial units will be supported, with up to £200,000 to be granted over a four-year period to each establishment.

Source: Department of Trade and Industry news release, 10.10.91.

Environmental, Social and Cultural Affairs

Antarctica

An international agreement has been reached to protect Antarctica from mining.

The Environmental Protocol to the Antarctic Treaty was signed in Madrid on 4 October by 23 countries. The Protocol was proposed by Britain at a meeting of the Antarctic Treaty Parties in Chile in 1990, and negotiations were concluded in June 1991. It includes a ban on mineral activity. This can be reviewed after 50 years, or sooner if all Parties agree to this. The mechanism provides for the ban to be continued unless rules have been concluded to decide whether mining is environmentally acceptable. It will also cover important areas of concern such as:

– avoidance of marine pollution;

– conservation of wildlife (flora and fauna);

– management of waste disposal; and

– environmental impact assessment.

Government View

Welcoming the agreement, the Secretary of State for the Environment, Mr Michael Heseltine, said that it represented a major step towards the protection of Antarctica. He said that the strengthening of the existing Antarctic Treaty was the result of a professional and practical approach to the government of Antarctica by international agreement. 'I am delighted that agreement has been reached, and the British Government will be pressing for the Protocol to come into force as early as possible.' In the meantime, Britain would implement as many of the requirements as possible, and the British Antarctic Survey (a government-funded body which maintains a permanent scientific presence in Antarctica) had already begun that work.

The Patient's Charter

Following publication by the Government of the Citizen's Charter in July, the Patient's Charter was launched in England on 30 October. The Charter sets out for the first time patients' rights to high-quality care under the National Health Service (NHS) and thus puts the Citizen's Charter initiative into practice in the NHS.

The proposals contained in the Citizen's Charter are designed to raise quality, increase choice, secure better value and extend accountability in public services (see pp 293-300).

Launching the Patient's Charter,[1] the Secretary of State for Health, Mr William Waldegrave, said: 'the rights and standards set out in the Charter form a central part of the Government's programme to improve and modernise the delivery of health services to the public whilst continuing to reaffirm the fundamental principles of the NHS'.

Patients' Rights

The Charter sets out seven existing rights which every citizen possesses:

– to receive health care on the basis of clinical need, regardless of the ability to pay;

[1] *The Patient's Charter. Raising the Standard.* Department of Health. Available free from The Patient's Charter, Freepost, London SE99 7XU.

– to be registered with a general practitioner (GP);

– to receive emergency medical care at any time, through the GP or the emergency ambulance service and hospital accident and emergency departments;

– to be referred to a consultant, acceptable to the person concerned, when the GP thinks it necessary and to be referred for a second opinion if the person concerned and his or her GP agree that this is desirable;

– to be given a clear explanation of any treatment proposed, including any risks and any alternatives, before deciding whether to agree to the treatment;

– to have access to health records, and to know that those working for the NHS will keep the contents of the records confidential; and

– to choose whether to take part in medical research or student medical training.

The Charter sets out three new rights which patients will have from 1 April 1992:

– to be given detailed information on local health services, including quality standards and maximum waiting times (people will be able to get this information from their health authority, GP or community health council);

– to be guaranteed admission for virtually all treatments by a specific date no later than two years from the day when the consultant places the person on a waiting list; and

– to have any complaint about NHS services investigated, and to receive a full and prompt written reply from the chief executive of the health authority or the general manager of the hospital. People would be able to pursue the matter further with the Health Service Commissioner.

National Charter Standards

The NHS will aim to provide nine standards of service:

– respect for privacy, dignity and religious and cultural beliefs;

– arrangements to ensure that everyone, including those with special needs, can use the services;

– relations and friends should be kept informed about the progress of a patient's treatment, subject to the individual's wishes;

– emergency ambulances should arrive within 14 minutes in an urban area, or 19 minutes in a rural area;

– those attending accident and emergency departments should be seen immediately and their need for treatment assessed;

– those going to an outpatient clinic should be given a specific appointment time and be seen within 30 minutes of it;

– patients' operations should not be cancelled on the day that the patient is due to arrive in hospital (if, exceptionally, the operation has to be postponed twice, the patient should be admitted to hospital within one month of the second cancelled operation);

– a named qualified nurse, midwife or health visitor should be responsible for nursing or midwifery care; and

– a decision should be made about any continuing health or social care needs a patient may have, before he or she is discharged from hospital.

Local Charter Standards

From 1 April 1992 health authorities will increasingly set and publicise Local Charter Standards, covering:

– first outpatient appointments;

– waiting times in accident and emergency departments, after initial assessment;

– waiting times for taking patients home after treatment, where doctors say they have a medical need for NHS transport;

– means of enabling patients and their visitors to find their way around hospitals, through enquiry points and better signposting; and

– the wearing of name badges by staff who have contact with patients.

Women

The Government has welcomed 'Opportunity 2000', an initiative to help women realise their full potential at work for the benefit of themselves and the economy. The Prime Minister, Mr John Major,

confirmed the Government's commitment in a speech on 28 October at the launch of the initiative.

A report by the Cabinet Office sets out the considerable progress on equal opportunities in the Civil Service in recent years.

OPPORTUNITY 2000

Opportunity 2000 is an initiative by Business in the Community, which is a voluntary association of major British businesses and aims to promote corporate social responsibility. It considers that business is not taking full advantage of the economic potential of women. Under the initiative 61 major employers have joined together voluntarily to commit themselves to targets and action plans to increase the employment opportunities for women at all levels in their organisations by the year 2000. The goals set by the companies vary according to each company's needs and circumstances. They include:

– increasing the representation of women in key areas;

– raising the retention rates of mothers;

– incorporating equal opportunity objectives into management appraisal processes;

– developing management training programmes; and

– undertaking attitude surveys among staff.

PRIME MINISTER'S SPEECH

Welcoming the initiative, Mr Major said that it was 'undoubtedly one of the boldest corporate equal opportunities initiatives that we have yet seen'. He believed that there were several valuable aspects to the Opportunity 2000 approach:

– it recognised 'the frequent subtlety of the barriers facing women, not all of [which] are evident';

– it gave line managers a direct interest in overcoming these barriers; and

– it allowed each organisation to set its own goals for progress in the light of its starting position.

Role of Women in Society

Mr Major noted the changing role of women in society. Today, women and men were entering higher education and many professions in equal numbers. There were now six female government ministers of state and all the main political parties were choosing more women parliamentary candidates. He believed that this 'social revolution' was right, both economically and socially. 'For business there are strong arguments for capitalising on the revolution, for getting a far larger return on the resources invested in the training of women during their education and at the start of their career.' More importantly, women should not have to go through life not being allowed to compete on equal terms with men.

Women now constituted nearly half the labour force and were expected to account for virtually all the increase in employment in the next ten years. Although many women chose to stay at home while their children were very small, two-thirds of mothers were in paid employment and it was this group above all which had to be allowed to realise its full potential. He wanted to see all women having the same opportunities as men, and to see more women in top posts. Women should have the same scope for development and fulfilment at work as men enjoyed, which meant improving women's job opportunities at all levels.

Mr Major noted that women still faced problems of combining a career, marriage and children (and sometimes caring for elderly relatives). These problems had to be tackled, and he was delighted that employers participating in the initiative were doing so. He also questioned the need for women to conform to traditional working practices, and referred to other possibilities such as part-time working or job sharing as well as career breaks.

Action by Employers

Mr Major said that the Government had a role in encouraging voluntary action by employers. The Secretary of State for Employment had recently launched a book aimed at making employers aware of the benefits of flexible working arrangements. He had also encouraged employers to adopt a ten-point

plan for equal opportunities. This emphasised the need for employers to develop their own action plans and to set challenging, achievable objectives for the recruitment and development of women.

Mr Major said that employers participating in Opportunity 2000 were undertaking a range of measures designed to remove the barriers to women's employment:

– some companies were committing themselves to increase the management development and training opportunities for women;

– others were setting managerial targets for the number of women in key areas; and

– others were 'raising board-level consciousness' and running training programmes on women's development and on equal opportunities.

A modern economy demanded an increasingly skilled workforce, the Prime Minister continued. Retraining was essential for women returning to work after a career break as were flexible working patterns. Disincentives such as loss of seniority or restricted prospects were undesirable. Prejudice against women doing traditionally male jobs was merely a form of restrictive practice.

Government Action

Already the Government had taken a number of measures, Mr Major noted, including independent taxation for women (see p 137, 1988, and pp 137 and 139, 1990) and the limited extension of tax relief to the provision of workplace nurseries. However, he wished to stress four points relevant to the launch:

1 He was 'determined to see an increase in the proportion of women holding senior public appointments'. The level in 1990 – 23 per cent – was insufficient. Accordingly, a minister in each department would be responsible: 'they will expect to see women on every short list for public appointment or be given good reasons for the absence of women candidates'. He would review progress in a year's time. The Women's National Commission – an official advisory committee which aims to ensure that the informed opinions of women are given due weight in the considerations of government – was supporting the initiative. It would be advising women of available opportunities, the experience required and how best to present their experience and qualifications.

2 The minister who chaired the Ministerial Group on Women's Issues, Mrs Angela Rumbold (the Home Office minister responsible for equal opportunities), currently reported to the Home Secretary. He had asked both the minister and the group to report directly to him in future. This was because the problems faced by women could not be confined within the remit of a single department. The group was 'helping to develop an effective and integrated approach to the concerns and needs of women and increasingly all policy-makers … are being required to consider the impact of their policies on women before they are put in place'.

3 Mrs Rumbold was establishing 'a new network initiative'. This would involve seeking the views of women all over the country because the Government wished to ensure that its actions were relevant to all women.

4 The Government was committed to Opportunity 2000. Mr Major noted that the Government was a very large employer of women – 48 per cent of civil servants were women, and the National Health Service (NHS) was the largest employer of women in Europe. The Civil Service had had a long-standing policy on equal pay and equal opportunities. However, the proportion of women in senior positions was still too small, largely because women with children needed career breaks and flexible working hours. A specific programme of action had been launched in 1984 (see pp 111-13, 1984). Since then there had been a decrease in the resignation rates of women, a trebling of the proportion of women working part-time and more women in management grades [see below]. The Government planned to launch a new programme in spring 1992. He welcomed the fact that several government departments and the NHS were already participating in Opportunity 2000.

The Prime Minister also referred to the progress being made in the NHS. He said that the nursing profession was overwhelmingly female and that half of all students entering medical school and 85 per cent of NHS administrators were women. However, there

was still a need for more women consultants and hospital and health authority managers. Since 1986 the NHS had taken a number of measures to improve prospects for its women employees. Most health authorities were developing flexible working arrangements and nearly half of all health authorities provided nursery facilities.

Conclusion

In conclusion, Mr Major stressed the importance of opportunity. 'This Government is committed to widening opportunities and ensuring more of them are available to women and it is committed to encouraging enlightened employers to look to their own self-interest and promote better opportunities for their own growing workforce.'

EQUAL OPPORTUNITIES IN THE CIVIL SERVICE

Considerable progress in recent years towards achieving equality of opportunity for women throughout the Civil Service is recorded in a report from the Cabinet Office issued on 28 October.[1] A previous progress report was issued in November 1990 (see pp 408-10, 1990). The latest report gives a number of examples of progress since 1984:

1 Better success rates for women in the 'fast stream' recruitment competition and in specialist competitions. In the fast stream competition the proportion of women among those recommended for appointment has risen from 28 per cent in 1984 to nearly 40 per cent in 1990.

2 A narrowing of the gap betwen the resignation rates of men and women – 60 per cent of resignations in 1990-91 were from women, compared with 67 per cent in 1984.

3 A higher proportion of women in most management grades – for example, in 1991, 42 per cent of executive officers were women, compared with 29 per cent in 1984, while the percentage of senior-ranking grade 5s who were women was 14 per cent in 1991, double that of 1984.

4 Childcare provision has been considerably increased so that there are 18 workplace nurseries and over 80 holiday playschemes.

5 A wider range of flexible working patterns has been adopted. For example, the proportion of women working part-time or in a job share rose from 5 per cent in 1984 to 14 per cent in 1991.

6 Considerable progress has been made in the development of equal opportunities training.

[1] *Equal Opportunities for Women in the Civil Service: Progress Report 1990-91.* Cabinet Office: Office of the Minister for the Civil Service. HMSO, £2·75. ISBN 0 11 430060 7.

Broadcasting

Details of a number of recent developments affecting broadcasting are given below.

Television Franchises

The Independent Television Commission has announced the award of the licences to provide programmes on the new Channel 3, which will replace the present independent television system (ITV) in January 1993 (see pp 37-43 and 438-9, 1990).

Thirty-seven companies applied for the 15 regional franchises offered for renewal and three applied for the national breakfast-time franchise. Licences were awarded for a ten-year period by competitive tender to the highest bidder who passed a quality threshold. The franchises were last renewed in 1981 (see p 22, 1981).

Twelve of the licences were awarded to existing franchise holders. These were:

Area	Company	Winning Bid
East of England	Anglia Television Ltd	£17,804,000
Borders and the Isle of Man	Border Television plc	£52,000
East, West and South Midlands	Central Independent Television plc	£2,000
Channel Islands	Channel Television Ltd	£1,000
North of Scotland	Grampian Television plc	£720,000

Continued over

Area	Company	Winning Bid
North-West England	Granada Television Ltd	£9,000,000
Wales/West of England	HTV Group plc	£20,530,000
London (weekend)	LWT (Holdings) plc	£7,850,000
Central Scotland	Scottish Television plc	£2,000
North-East England	Tyne Tees Television Ltd	£15,057,000
Northern Ireland	Ulster Television plc	£1,027,000
Yorkshire	Yorkshire Television Ltd	£37,700,000

Four new companies were awarded licences:

– Meridian was awarded the franchise for south and south-east England, previously held by TVS Television Ltd, with a winning bid of £36,523,000;

– Carlton Television Ltd was awarded the franchise for the London weekday service, previously held by Thames Television plc (winning bid: £43,170,000);

– Westcountry Television Ltd was awarded the franchise for south-west England, previously held by TSW Broadcasting Ltd (winning bid: £7,815,000); and

– Sunrise Television Ltd was awarded the franchise for national breakfast-time television, previously held by TV-am plc (winning bid: £34,610,000).

Cable Television and Local Telephony Services

The Secretary of State for Trade and Industry, Mr Peter Lilley, announced on 21 October new measures to encourage cable television operators to construct their networks and to further accelerate growth in the market for cable programmes and services, including local telephony. All cable television franchisees who have not obtained a licence under the Telecommunications Act 1984 must satisfy the relevant criteria by 31 January 1992. This will require holders of unlicensed franchises either to produce evidence of their financial commitment or to clear the field for others to provide cable services. Over 1 million homes in Britain are able to receive broadband cable services; there are about 200,000 subscribers.

Privatisation of National Transcommunications Ltd

The sale of National Transcommunications Ltd (NTL) was announced by the Parliamentary Under-Secretary of State at the Home Office, Mr Peter Lloyd, the minister responsible for broadcasting, on 24 October. NTL has been sold to a new company formed for the purpose by Mercury Asset Management plc. NTL transmits television services for the independent television companies, Channel 4, the Welsh Fourth Channel, and radio services for about 50 independent local radio stations. It also has a research and development capability. It operates from over 950 transmitting sites and employs about 750 people.

Commenting on the sale, Mr Lloyd said that it was 'the final stage in a process which began three years ago with the Broadcasting White Paper announcement [see p 391, 1988] that it was our objective to move the terrestrial transmission system into the private sector'.

Council of Europe Convention on Transfrontier Television

Mr Lloyd announced on 9 October that Britain had ratified the Council of Europe Convention on Transfrontier Television (see pp 211-12, 1989). The Convention sets down certain minimum standards on matters such as advertising, sponsorship, taste and decency, and the portrayal of sex and violence on television. Mr Lloyd called on other member states to ratify the Convention. The text of the Convention is similar to a parallel European Community directive on broadcasting which came into force on 3 October.

Apart from Britain only two other states, Poland and San Marino, have so far ratified the Convention. Seven countries are required to ratify it, five of which must be members of the Council of Europe, before it can be brought into force.

BBC World Service Television

BBC World Service Television (WSTV) Ltd (see p 44) launched its news and information

channel for Asia on 14 October. By 15 November the channel will be available 24 hours a day via satellite in 38 Asian countries with a total population of 2,700 million people. Programmes will include specially produced Asian news, current affairs and other programmes from BBC television as well as courses from BBC English, the World Service's teaching arm. It is intended that simultaneous translation will be added in a range of Asian languages, starting with Chinese.

The BBC signal will be sent by satellite from London to Hong Kong, where advertising will be added. The service will be available free of charge to homes equipped with their own satellite dishes; it will also be supplied through terrestrial broadcasts, cable networks and other redistribution systems. The satellite will also accommodate World Service radio output in English and Asian languages.

BBC World Service Television also announced that it had signed an agreement with Bahrain Television on 5 November which will make the WSTV 24-hour News and Information Channel available in Bahrain and throughout the Gulf from 1 January 1992. The countries covered will also include Kuwait, the United Arab Emirates and parts of Iran and Saudi Arabia. In the meantime an 18-hour a day service will be in operation from 15 November. The agreement is for five years; it is subject to annual review. The service will be funded by advertising.

BBC World Service Radio

The BBC World Service has announced that it has reached an agreement with Cathay Pacific Airways to have its own dedicated audio channel serving all travellers on Cathay Pacific's Boeing 747 aircraft. The aircraft are to be fitted with a special aerial capable of picking up World Service radio broadcasts; computer software has been developed to ensure that passengers hear the strongest available signal. Passengers will hear the World Service in English, although the system is capable of carrying the BBC's 36 other languages. It is intended that the World Service will be available on the airline's entire Boeing 747 fleet by spring 1992.

Shorter Notes

WILDLIFE TRADE

The Government is pressing for stricter controls on the international trade in wildlife. Mr Tony Baldry, Parliamentary Under-Secretary of State at the Department of the Environment, and Mr David Maclean, Parliamentary Secretary at the Ministry of Agriculture, Fisheries and Food, have written to the European Commission urging it to take stronger measures.

In a joint statement released on 14 October, the ministers said that the Government shared the concern that many people had expressed over international trade in wildlife, especially about the conditions in which birds were transported and the effects of trade on wild populations. In spring 1991 they had asked the Joint Nature Conservation Committee (JNCC) to review the evidence on whether trade in animals taken from the wild was compatible with maintaining species at satisfactory levels. The JNCC report[1] on animals had given full support to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the basis of present international controls. It had also made recommendations for tightening up present controls. Britain was also pressing for European Community action to improve the conditions in which animals were transported and a directive was expected to be agreed soon laying down welfare standards for all types of animals during transport.[2]

The ministers had written to the European Commission urging it to propose that the Community take steps to:

– strengthen measures to prevent illegal trade in endangered species;

– make more systematic checks on the effects of trade in species whose survival might become threatened, to ensure that trade continues only at sustainable levels;

– monitor trade in more species;

– make sure that appropriate care is taken of all species listed in CITES; and

[1] The JNCC report is available from the Department of the Environment, Room 813, Tollgate House, Moulton Street, Bristol BS2 9DJ.

[2] This was subsequently agreed on 22 October.

– strictly control trade in any species which are particularly vulnerable to stress and mortality as a result of transport and captivity.

The ministers said that the wildlife trade raised many complex issues. 'The Government will keep this matter under close review and will welcome continuing debate on the further steps which may be needed to curtail unacceptable features of this trade.'

A further report, dealing with plants, had been received from the Royal Botanic Gardens, Kew, and this was still being considered by the Government.

Sources: Department of the Environment news release, 14.10.91; Ministry of Agriculture, Fisheries and Food news release, 14.10.91.

MARINE POLLUTION

Figures released on 21 October show that there have been significant reductions in the inputs of dangerous substances to the sea in recent years.

The Minister of State for the Environment and Countryside, Mr David Trippier, said that good progress had been made in meeting targets agreed at North Sea Conferences (see pp417-18, 1987, and pp121-2, 1990) for reducing inputs to the sea of substances that are toxic, persistent and liable to bio-accumulate. Estimates showed that inputs to the North Sea had fallen between 1985 and 1990:

– copper by 28 per cent;

– lindane by 30 per cent;

– mercury by 51 per cent;

– cadmium by 61 per cent; and

– lead by 89 per cent.

The figures, collected as part of an international exercise, showed that zinc inputs were unchanged. Mr Trippier said that he was confident that further substantial reductions would be achieved for these and the other most harmful substances during the 1990s.

Source: Department of the Environment news release, 21.10.91.

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Further Information Points

Ministry of Agriculture, Fisheries and Food, 3 Whitehall Place, London SW1A 2HH.

Central Office of Information, Hercules Road, London SE1 7DU.

Central Statistical Office, Government Offices, Great George Street, London SW1P 3AQ.

HM Customs and Excise, New King's Beam House, 22 Upper Ground, London SE1 9PJ.

Ministry of Defence, Main Building, Whitehall, London SW1A 2HB.

Department of Education and Science, Elizabeth House, York Road, London SE1 7PH.

Department of Employment, Caxton House, Tothill Street, London SW1H 9NF.

Department of Energy, 1 Palace Street, London SW1E 5HE.

Department of the Environment, 2 Marsham Street, London SW1P 3EB.

Foreign & Commonwealth Office, King Charles Street, London SW1A 2AH.

Department of Health, Richmond House, 79 Whitehall, London SW1A 2NS.

Home Office, Queen Anne's Gate, London SW1H 9AT.

Board of Inland Revenue, Somerset House, London WC2R 1LB.

Office of the Minister for the Civil Service, Government Offices, Horse Guards Road, London SW1 3AL.

Northern Ireland Information Service, Stormont Castle, Belfast BT4 3ST.

Overseas Development Administration, 94 Victoria Street, London SW1E 5JL.

Scottish Information Office, New St Andrew's House, Edinburgh EH1 3TD.

Department of Social Security, Richmond House, 79 Whitehall, London SW1A 2NS.

Department of Trade and Industry, Ashdown House, 123 Victoria Street, London SW1E 6RB.

Department of Transport, 2 Marsham Street, London SW1P 3EB.

HM Treasury, Parliament Street, London SW1P 3AG.

Welsh Office, Cathays Park, Cardiff CF1 3NQ.

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